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Agency Financial Report

Fiscal Year 2024

Mission

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

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A MESSAGE FROM THE COMMISSIONER

As the Commissioner of the Social Security Administration (SSA), it is my pleasure to present our Fiscal Year 2024 *Agency Financial Report*, which details how we managed our resources and delivered services to the public in the past fiscal year.

Our programs affect nearly every member of the American public at some point in their lives: from birth when registering for a child's Social Security number, to a first job where we verify their Social Security number and track earnings reported by their employer; to help if the unexpected happens, providing income support through disability and survivor benefits; and when planning for retirement. Our programs are a lifeline for retirees, people with disabilities, and children, keeping tens of millions of people out of poverty. Our mission is to ensure equity and accessibility in delivering Social Security services by improving the customer experience and addressing systemic barriers to participation in our programs. Our efforts center around three overarching Strategic Goals established in our Agency Strategic Plan: 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 2024 Goals and Results* section.

Since my confirmation, I have dedicated our time and resources to improving customer service in our top three priority areas: National 800 Number customer wait times, average processing time for disability determinations, and overpayment and underpayment process improvements. We have implemented numerous process improvements and efficiencies to address these customer service challenges. These changes have reduced time-consuming, administrative burdens on people applying for or managing their benefits. As one of the most important acts of social and economic justice that the people of the United States have created, millions of people depend on us for financial security.

Our dedicated employees share my commitment to providing outstanding service to our customers. I launched SecurityStat—a cross-cutting performance management program—to accelerate the deployment of customer service improvements. SecurityStat brings top executives and subject matter experts together every two weeks to share information timely, deploy resources quickly, and follow up relentlessly. SecurityStat offers a new and unprecedented level of transparency for our agency and stakeholders. The public can see progress updated every month at SSA.gov/securitystat. As a result of this collaborative, data-driven approach, we implemented rapid changes in FY 2024 to address our top three priority areas.

SecurityStat allows us to closely examine how we provide service, improve organizational efficiency, and develop plans to drive tangible actions for the public. For instance, millions of customers count on the convenience and accessibility of our National 800 Number, yet too many people have experienced lengthy delays waiting to speak with an agent, particularly during our peak call periods. Between November 2023 and September 2024, we instituted a series of changes that have reduced the average monthly wait time from 42 minutes to 11 minutes. We have eliminated busy signals and over 40 percent of our callers now receive a call back instead of holding. We redesigned our training curriculum for new telephone agents to include job simulations, interactive scenarios, and additional call-taking earlier in the training process.

One of the most critical issues we face right now is the significant number of people who are waiting too long—almost eight months on average—for an initial disability decision. We are collaborating with the State disability determination services (DDS) to add more disability examiners nationwide and to provide them with improved technology to gather and review medical evidence. Increasing capacity in our DDSs will reduce the time our customers are waiting to receive an initial determination.

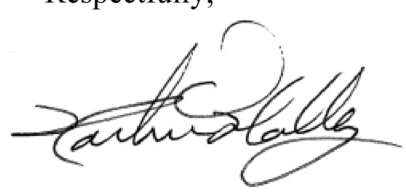
We are acting promptly to address customer service issues related to overpayments. I traveled across the country and listened to frontline employees who understand the operational and policy changes they need to improve the customer and employee experience. For example, instead of clawing back 100 percent of benefits payments to repay an overpayment, we changed the default recovery rate to 10 percent. We are also working to increase our processing of Supplemental Security Income underpayments, particularly for the oldest and highest priority cases.

With the help of our talented, mission-oriented team, I took swift action to address the agency's customer service crisis, implementing immediate improvements where we could, from building efficiencies into the application process to implementing more compassionate common-sense changes to policies. For instance, we also reduced the work history we review from 15 years to 5 years for disability claims, and we no longer count food for In-Kind Support and Maintenance for Supplemental Security Income eligibility and payment amounts.

I am proud of these accomplishments and our dedicated workforce. We will keep making improvements in every corner of our agency, addressing our challenges, and delivering results that will profoundly and positively impact the American people's lives.

I am pleased to share that for the 31st consecutive year, we received an unmodified audit 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,



Martin O'Malley

Baltimore, Maryland
November 13, 2024

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Our *Agency Financial Report* is available at:
SSA.gov/finance

Did You Know? SSA Produces Award-Winning Reports

For the 26th year in a row, we received AGA's Certificate of Excellence in Accountability Reporting (CEAR) award. Receiving the CEAR award for our FY 2023 AFR is a significant and unprecedented accomplishment for a Federal agency.

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 2024 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*. 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 Auditors* and the *Agency Response to the Report of Independent Auditors*.

Other Information: The *Other Information* section includes our *Summary of Financial Statement Audit and Management Assurances* tables and *Other Financial Information* as well as *The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2024*. 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 the Social Security Advisory Board, and a *Summary of Key Management Officials' Responsibilities*.

Management's Discussion and Analysis

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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 2024 Goals and Results* provides a high-level discussion of our goals and our key mission results. We display our fiscal year 2024 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) 2024, we paid OASI benefits to an average of approximately 59 million beneficiaries each month and incurred over $1,301 billion in benefit payment expenses[1] to OASI beneficiaries through the fiscal year. Learn more about retirement benefits on our website at SSA.gov/retirement and about survivors benefits at SSA.gov/survivors.
- **Disability Insurance:** Established in 1956, the Disability Insurance (DI) program provides benefits for workers who become disabled and their families. In FY 2024, we paid DI benefits to an average of over 8 million beneficiaries each month and incurred about $157 billion in benefit payment expenses[1] to DI beneficiaries through the fiscal year. Learn more about DI benefits on our website at SSA.gov/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 2024, we paid SSI benefits to a monthly average of 7.4 million recipients (approximately 2.5 million of whom concurrently receive OASI or DI benefits) and incurred about $56 billion in SSI Federal and State supplementary benefit payment expenses[1] through the fiscal year. Learn more about SSI benefits on our website at SSA.gov/ssi.

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

[1] Benefit payment expenses consist of benefits paid and the change in benefits accrued during FY 2024.

How Social Security Benefited America in Fiscal Year 2024

Our programs and services are vital to the public, and the scope of our work is enormous. For more than 89 years, Social Security has provided income security for retirees, individuals with disabilities, and families that lose a wage-earner.

- We paid a combined total of over $1.5 trillion in Social Security and SSI benefits.
- Nearly 86 percent of persons aged 65 or older receive Social Security and that increases to more than 90 percent for those aged 75 and older.
- On average each month, about one million blind or disabled children under age 18 received SSI benefits.

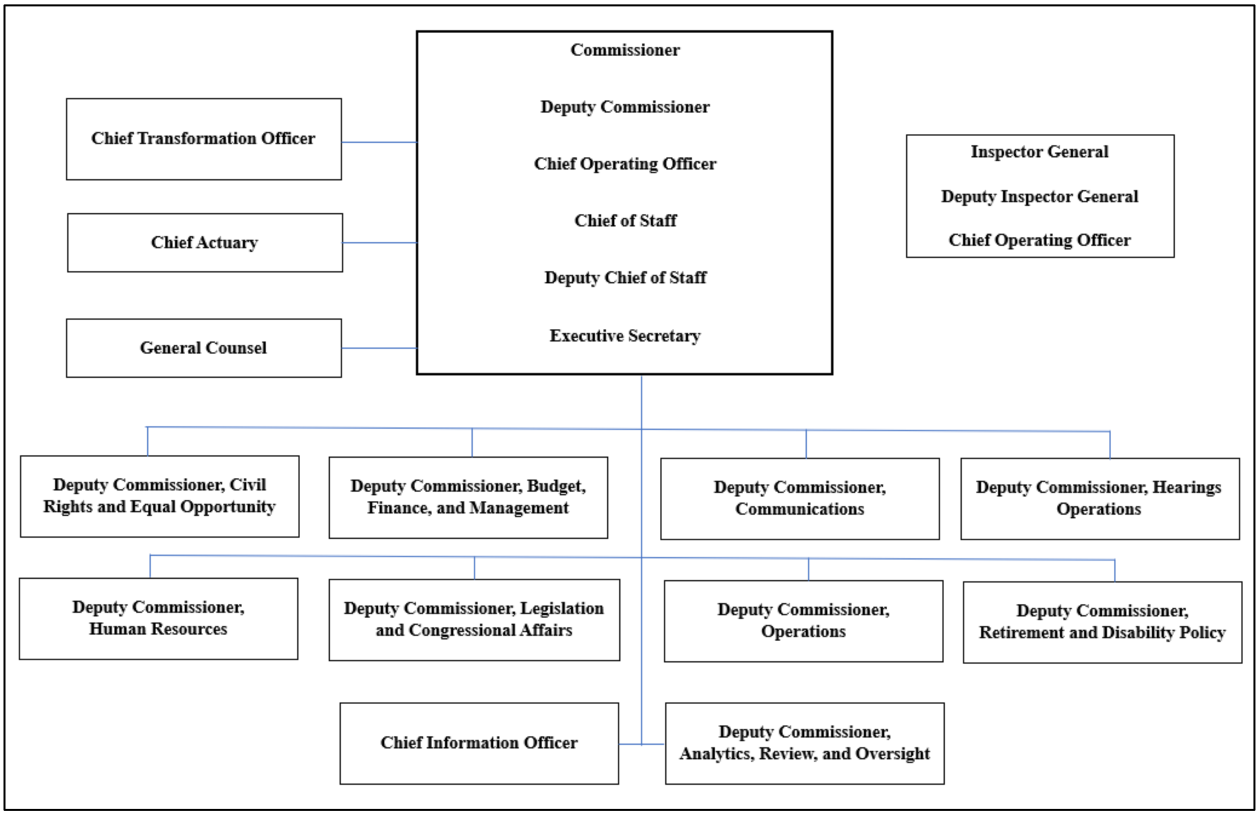
How We Served America in Fiscal Year 2024

- Processed over 441 million online transactions.
- Mailed an estimated 330 million notices.
- Registered over 15.7 million new accounts on the *my* Social Security portal for a total of more than 89.3 million accounts. The portal offers many secure and convenient online self-service options.
- Provided *Social Security Statements (Statement)* to beneficiaries online via *my* Social Security more than 40 million times, and by mail with approximately 14 million paper *Statements*.
- Processed nearly 19 million applications for new and replacement Social Security Number (SSN) cards, in office and online through the Internet Social Security Number Replacement Card.
- Posted approximately 299 million annual earnings items to workers' records submitted by both employers and self-employed individuals.
- Performed nearly 2.5 billion automated SSN verifications for employers.
- Conducted 21 cost benefit analyses for incoming data exchanges with various Federal partners, resulting in $11.5 billion in projected annual savings.
- Handled over 23 million calls in our field offices, our National 800 Number agents handled over 28 million calls, and our self-service options handled over 3.2 million calls, amid staffing and technology challenges. We reduced the annual average speed of answer to 27.6 minutes on our National 800 Number from 35.8 minutes in FY 2023.
- Completed over 9.5 million retirement, survivor, disability, and Medicare claims for benefits; conducted over 381,000 full medical continuing disability reviews (CDR); and performed nearly 2.6 million non-medical redeterminations of SSI eligibility.
- Completed nearly 423,000 hearing requests; reviewed nearly 74,000 cases in the Appeals Council; and defended nearly 14,000 disability cases in Federal court.

Organization

Serving the American public requires a vast network of facilities, technology, and skilled staff. Our Commissioner leads approximately 58,000 Federal employees and 14,000 State employees who serve our customers through a network of more than 1,500 offices across the country and around the world. We administer our programs and services online, by phone, by video, 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.

Social Security Administration Organizational Chart[1]



Note:

1. For the full agency organization chart, please visit [SSA Org Chart].

The 14,000 State employees at disability determination services (DDS) make disability determinations for initial claims, reconsiderations, CDRs, and CDR appeals. Challenges with hiring and retaining staff have limited the DDSs' capacity to improve disability workload performance.

Administrative law judges in our hearing offices and administrative appeals judges in our Appeals Council decide appealed cases.

Our processing centers handle the most complex benefit payment decisions, in addition to issuing benefit payments after appeals decisions, determining and collecting debt, correcting records, and performing 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, including headquarters components and Social Security offices around the country, refer to the *Summary of Key Management Officials' Responsibilities* section in the *Appendix* or visit our organizational structure webpage.

How Can We Help?

Did you know that Social Security provides financial protection for our nation's people, supporting Americans throughout all of life's journeys. In FY 2024, on average we served approximately 344,000 customers per day. For help finding your local Social Security office, visit our website at www.SSA.gov to use the office locator and to learn more about the online services we offer.

OVERVIEW OF OUR FISCAL YEAR 2024 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 are 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 March 2024, we published our *Annual Performance Plan (APP) for FY 2025, Revised Performance Plan for FY 2024, and Annual Performance Report (APR) for FY 2023* as part of the *President's FY 2025 Budget Request*. We refer to this consolidated plan and report as the APR. The APR outlines our tactical plans for achieving the Strategic Goals and Objectives in our ASP, finalizes our FY 2024 performance commitments, and describes how we ensure data integrity of our performance information. The budgeted workloads published in our APR correspond to the key workload measures in the *FY 2024 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 2024 results in January 2025. The final FY 2024 APR and FYs 2025–2026 APP will be published separately and available on our website.

This *Agency Financial Report* summarizes our strategic initiatives, overall performance results, and financial activities we conducted to carry out our mission in FY 2024. The following table shows our operating expenses by Strategic Goal and Objective.

FY 2024 Operating Expenses by Strategic Goal and Strategic Objective
(Dollars in Millions)

Strategic Goal 1: Optimize the Experience of SSA Customers	**$12,155**
Strategic Objective 1.1: Identify and Address Barriers to Accessing Services	$1,440
Strategic Objective 1.2: Expand Digital Services	$1,876
Strategic Objective 1.3: Build a Customer-Focused Organization	$8,839
Strategic Goal 2: Build an Inclusive, Engaged, and Empowered Workforce	**$707**
Strategic Objective 2.1: Promote Diversity, Equity, Inclusion, and Accessibility in Hiring and Advancement	$280
Strategic Objective 2.2: Support Employees' Chosen Career Paths	$427
Strategic Goal 3: Ensure Stewardship of SSA Programs	**$2,620**
Strategic Objective 3.1: Improve the Accuracy and Administration of Our Programs	$1,875
Strategic Objective 3.2: Identify and Eliminate Potential Barriers to Access Contracts and Grants	$22
Strategic Objective 3.3: Improve Organizational Performance and Policy Implementation	$723

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 2024–2025, our APGs are:

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

These near-term goals improve outcomes, setting the stage for improved customer experience and efficiency. They also serve as stepping stones towards long-term objectives outlined in our ASP. We set ambitious targets to improve service for each of these APGs. We are adjusting procedures, policies, and maximizing the resources we have, to improve services.

Improve Initial Disability Claims: It is unacceptable for individuals to wait over 200 days to receive an initial disability determination. Our priorities for this APG are to mitigate further increases in average processing time for initial claims and to decide the most aged pending claims. In FY 2024, we processed over 255,000 more initial disability claims than we did in FY 2023. By September 27, 2024, our average processing time for initial disability claims was 231 days. In addition, we decided about 95 percent of our cases that started FY 2024 pending 180 days or more, exceeding our target by 3 percent.

Improve the National 800 Number Service: We are implementing technology that benefits both our customers and employees. Between November 2023 and May 2024, we instituted a series of changes to reduce the average speed of answer, including re-routing calls to other available agents and offering a Call Back Assist option to callers, allowing customers the option of receiving a call when agents are available instead of waiting to speak with an agent. In August 2024, we transitioned our 800 number phone system to Amazon Web Services (AWS)/Amazon Connect, which increases queue size, improves management and scheduling information, offers callers enhanced callback and self-service options, and post-call satisfaction surveys. The transition to the new system improves our customers' ability to speak with available National 800 Number agents. In FY 2024, we reduced our average speed of answer by 8.2 minutes, down to 27.6 minutes from 35.8 minutes at the end of FY 2023. The transition to AWS sets us on the path to improved delivery.

Improve Equity in the Supplemental Security Income Program: We take seriously our responsibilities to ensure eligible individuals timely receive the correct benefits to which they are entitled, and to safeguard the integrity of our benefit programs. Although our underpayment (UP) accuracy rates are high, we focused our attention on releasing SSI UPs pending for a year or more as of October 1, 2023 or identified as priority cases, so people can receive the money they are due. We made notable progress towards improving equity in the SSI program by increasing UP processing of our oldest and highest priority cases, including those disproportionately impacted by poverty. By September 30, 2024, we cleared about 65 percent of nearly 152,500 SSI UPs that were identified as priority cases, which is more than halfway to our goal to complete 98 percent of these cases by the end FY 2025. We also processed over 534,000 total SSI UPs.

Please visit Performance.gov for more information on our APG goals, progress, results, and how we focus leadership priorities to drive progress and change.

Remember! You Can Access Our Services Online

Our online services allow you to request a replacement Social Security card (in most States), print a benefit verification letter, and more—from anywhere and from any of your devices!

Summary of Fiscal Year 2024 Performance

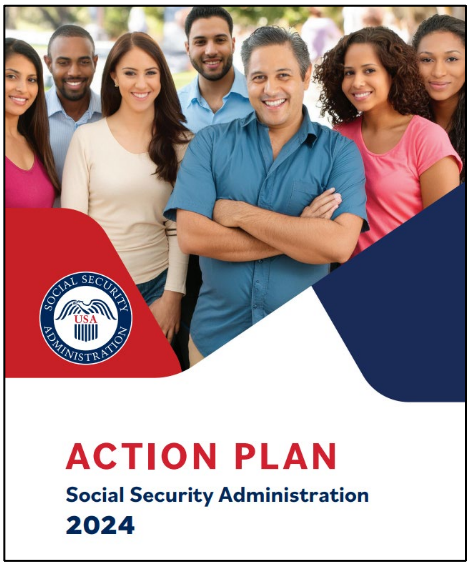
This section provides a high level overview of progress made in accomplishing the strategic objectives and our FY 2024 agency-driven performance measures and targets established in our published *FYs 2023–2025 Annual Performance Plan and Report*. We highlight the approaches we used to achieve our FY 2024 performance measure results, outline some of the challenges we faced meeting these goals and provide an analysis of our performance.

Our budget directly drives the level of service we can deliver, including systems improvements and staffing to stay current with our workloads. While we face multiple challenges to restore service delivery to the standards both we and the public expect, we are working diligently to do so within our resource levels.

For FY 2024, we used 17 performance measures to track progress toward meeting our strategic goals and strategic objectives. Overall, we met our targets for 11 of the 13 performance measures with available data. Final data for 4 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).

For more information on our FY 2024 performance, please see our FY 2024 APR, which we expect to publish in January 2025.

In FY 2024, we also published the *2024 SSA Action Plan* that details the actions we are taking to address our top priority areas across the agency. The Action Plan was the product of over 5,000 recommendations offered by employees from the frontlines to our regional offices, as well as from a range of other internal and external stakeholders. It contains 27 initiatives accompanied by leading actions and quick wins, a number of which have been accomplished, including a number of actions within the first 100 days of the Commissioner's term.



Strategic Goal 1: Optimize the Experience of SSA Customers

Strategic Objectives

- 1.1 Identify and Address Barriers to Accessing Services
- 1.2 Expand Digital Services
- 1.3 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, while improving the public's experience with our services and programs. We are designing and delivering services that reflect the perspective of the people we serve. We are adopting modern ways to operate and re-engineering policy and business models to improve the customer experience. What follows, highlights our progress and challenges toward accomplishing our Strategic Goal and Objectives.

Strategic Objective 1.1: Identify and Address Barriers to Accessing Services

Advancing equity in service delivery, involves removing unnecessary administrative burdens. We expanded our network of advocates and community-based organizations to help us address the needs of people facing barriers to accessing our services. This includes ensuring access to quality services and program benefits, regardless of an individual's ability to communicate in English. We are also increasing data collection strategies to better understand customers seeking our services. Additionally, we updated our *Equity Action Plan (2023 Update)* to ensure we prioritize administering our programs equitably for underserved people.

In FY 2024, we issued several final rules that simplified our processes for people who are applying for and receiving SSI. These changes streamlined our rules, making them less cumbersome to administer and easier for the public to understand and follow. On March 27, 2024, we published a final rule to remove food from In-Kind Support and Maintenance calculations in determining SSI benefits. This new rule improves the equitable treatment of food assistance within the SSI program. On April 17, 2024, we published a final rule, "Expansion of the Rental Subsidy Policy for SSI Applicants and Recipients." Under the rule, rental assistance, such as renting at a discounted rate, is less likely to affect a person's SSI eligibility or payment amount. This new rule extends the same policy to all SSI applicants and recipients nationwide. On April 19, 2024, we published a final rule, "Expand the Definition of a Public Assistance Household." This new rule broadens the definition of a public assistance household to include households receiving Supplemental Nutrition Assistance Program payments and households where only some members receive public assistance. These three new final rules took effect on September 30, 2024, and allow more people to qualify for SSI, increase some SSI recipients' payment amounts, and reduce reporting burdens for individuals living in public assistance households.

We also released our first global *Language Access Plan* that included our Limited English Proficiency (LEP) policy and *Language Access Implementation Plan*. Our *Language Access Plan* takes reasonable steps to ensure access to our benefits, services, and information for individuals with LEP and who are deaf or hard of hearing. This plan includes guidance on activities such as bilingual recruitment efforts, multi-language notices, and improved procurement of translation services.

We improved our race and ethnicity data collection, which will allow us to better identify and fix potential disparities in service. In FY 2024, we completed contract negotiations with seven States to include race and ethnicity data through our Enumeration at Birth program.

In FY 2024, as a High Impact Service Provider, we established baseline customer experience (CX) scores for our three priority service designations based on customer trust. We established a 75.2 percent CX score for applying for Social Security adult disability benefits, 91.5 percent CX score for applying for Social Security retirement benefits, and 93.7 percent for applying for a replacement Social Security Number (SSN) card.

Performance Measure 1.1b: Collect Customer Feedback[1]

FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Target	FY 2024 Results
Not available	Not available	Not available	Did not meet our target to establish end of journey feedback collection for priority service designations	Establish baseline customer experience scores for priority service designations	Established baseline customer experience scores for priority service designations based on customer trust as prioritized in OMB Circular A-11

Note:

1. Customers have the opportunity to provide feedback and their perspective after a series of interactions or completion of a multi-stage process. We ask questions about overall customer satisfaction and trust. In addition, we ask questions around different customer experience drivers such as accomplishment rate, customer effort, efficiency, equity, and employee interaction.

We integrated CX management disciplines throughout the agency. This includes customer research and measurement, which involves scoring individual customer experiences and understanding various customer "pain points" throughout their journey in applying for benefits. Based on customer feedback, we developed solutions to address these pain points. For example, customers sometimes do not show up to their initial appointment to apply for benefits. To address this challenge, we are conducting a pilot program where we send standard appointment reminders to applicants via text or email with the option to confirm, reschedule, or cancel their appointment.

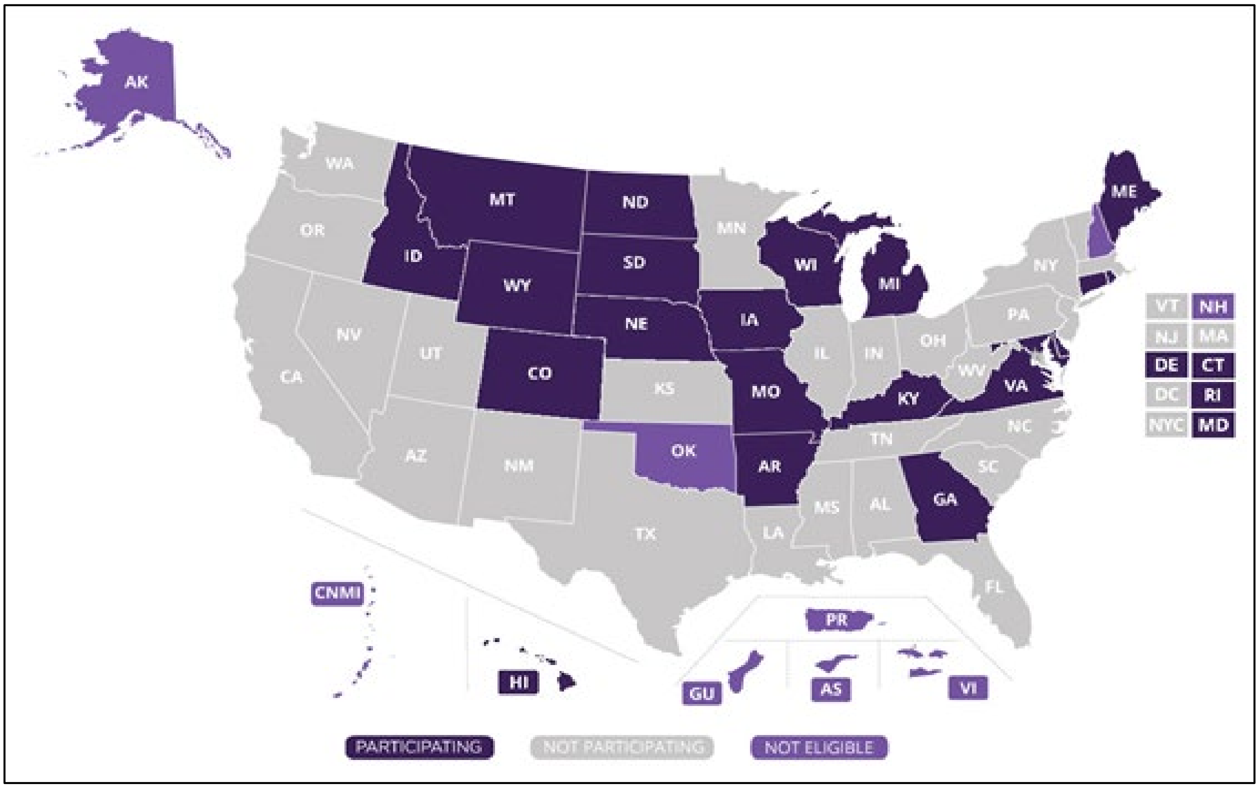
Strategic Objective 1.2: Expand Digital Services

We are committed to making our services more convenient and efficient. *my* Social Security, our personalized, self-service alternative to telephone and in-person services, gives our customers access to a growing suite of services using their mobile device or computer. In FY 2024, we expanded the use of video appointments, allowing technicians to process the same work over video traditionally completed by telephone. We also made improvements to the online Non-Medical Appeal application, iAppeals. This application allows people to request an appeal if they disagree with a non-disability decision, such as income or overpayments (OP). We also redesigned the disability content on SSA.gov in both English and Spanish, making it easier for the public to read and understand. We provided more precise instructions on how to file for disability benefits via self-service options and set better expectations about wait times.

Last fiscal year, we began the rollout of our digital self-service option, *Upload Documents,* to allow individuals applying for or receiving certain services to upload forms, documents, or evidence associated with their transactions. In FY 2024, we completed a nationwide expansion to all field offices and workload support units. Customers can now use *Upload Documents* to submit 50 agency forms and 79 evidence types for electronic signature and submission. We connected *Upload Documents* to *my* Social Security, providing customers an additional way to access uploading forms and evidence. We also added text messaging as an additional option to receive notifications and link to upload forms and evidence and made it easier for customers to create accounts while still maintaining privacy and security. We completed risk assessments on 57 forms to consider signature requirement removal and removed the signature from 12 forms. We also worked to remove the signature requirement from an additional 31 forms.

We expanded our Enterprise Scheduling System to offer enumeration self-scheduling to customers in all 50 States, the District of Columbia, and 5 U.S. territories. This web-based appointment system allows customers, including those without an SSN, to self-schedule appointments online for both original and replacement SSN cards. We also added 12 States to the list of those that now allow applicants to conveniently apply online for a replacement SSN card with a name change due to marriage, without visiting a local office, which brings our total participating States to 21.

Jurisdictions Participating in
Replacement SSN Card with Name Change Due to Marriage

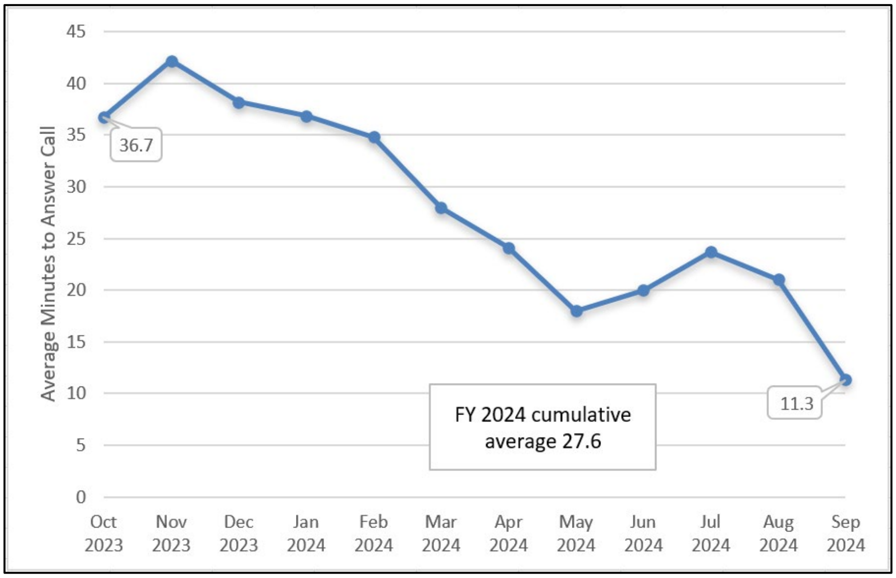


Strategic Objective 1.3: Build a Customer-Focused Organization

As one of the most important anti-poverty programs in the Nation, millions of people depend on us for financial security. To build an agency that is focused on the customer, we will address our many service challenges and deliver results that will profoundly and positively impact people's lives. This includes ensuring that our services are more accessible, improving the wait time for decisions, and improving payment accuracy. For more information on our payment accuracy efforts, please see Strategic Objective 3.1.

Millions of customers count on the convenience and accessibility of our National 800 Number, yet too many people have experienced lengthy delays waiting to speak with an agent, particularly during our peak call periods. Our former phone systems have frustrated the public and our telephone agents with increased busy signals and dropped calls. Hiring challenges and high attrition have also affected service and contributed to long waits.

National 800 Number
Monthly Average Speed to Answer for FY 2024



In FY 2024, we implemented a new, modern phone system which has resulted in reduced customer wait times. It also eliminated busy signals, provides estimated hold times, and gives customers the option to request a call back from an available agent instead of waiting on the line. Our transition to the AWS platform provides stable, reliable, and accessible phone service to the public. These changes have reduced the average monthly wait time from a peak of 42.2 minutes in November 2023 to 11.3 minutes by September 2024. In FY 2024 overall, we reduced our average speed of answer by 8.2 minutes, down from 35.8 minutes at the end of FY 2023 to a cumulative average speed of answer of 27.6 minutes by the end of the year.

Reducing the wait time for an applicant to receive a disability decision is a top priority. Since FY 2019, the number of people waiting for an initial disability decision has doubled from around 590,000 to 1.2 million people. The average wait time for a disability decision is nearly eight months and an additional eight months for those requesting an appeal of the initial decision. Our State DDSs struggle to maintain adequate staffing. We are making changes to reduce wait times and provide a more efficient, compassionate experience for our claimants. This includes increasing receipt of electronic medical evidence, as well as increasing our employees' use of Intelligent Medical Language Analysis Generation, which analyzes text from health records and expedites processing times for disability claims. We have also increased the submission of electronic medical evidence via our automated Health Information Technology (HIT) program, Electronic Records Express (ERE) web portal, and web services. Over the last five years, we have increased the volume of medical evidence collected electronically.

Performance Measure 1.3b: Modernize Evidence Acquisition Systems to Drive Increased Electronic Medical Evidence Volumes Through a Multi-Channel Strategy

FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Target	FY 2024 Results
Acquired 52% of electronic medical evidence	Acquired 53% of electronic medical evidence	Acquired 55% of electronic medical evidence	Acquired 55% of electronic medical evidence	Acquire 57% of electronic medical evidence[1]	Acquired 58% of electronic medical evidence

Note:

1. The target represents the percentage of medical records received electronically through ERE, ERE Web Services, Bulk Transfer, and HIT.

In FY 2024, we reduced the initial disability claims development requirement for past relevant work from 15 years to 5 years. This rule change will reduce the burden on claimants and staff while still providing enough information to make accurate decisions. We also restored a pre-2018 policy, called collateral estoppel, that allows technicians in local field offices to apply a prior determination of disability, in certain circumstances. This change eliminates the need for some beneficiaries to provide updated medical documentation for subsequent claims, eliminating between 45,000–60,000 claims annually that require DDS determinations. We also made historic progress by reducing the hearings backlog. For the first time in three decades, we have fewer than 275,000 pending hearings before our Administrative Law Judges.

The following table summarizes our FY 2024 performance measures target and results that support our Strategic Goal and Objectives:

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

Strategic Objective	Performance Measure	FY 2024 Target	FY 2024 Results (Actuals)	Performance Status
1.1: Identify and Address Barriers to Accessing Services	1.1a: Redesign SSA's website to enhance the user's online experience	Achieve a 1% increase in satisfaction for customers using SSA's website over FY 2023 results (target Customer Satisfaction Score of 71.0)	Exceeded our goal by increasing our customer satisfaction score for using SSA's website to 80.7 percent, which was a 9.7 percent increase over our FY 2023 score (71.0 percent)	**Met**
	1.1b: Collect customer feedback	Establish baseline customer experience scores for priority service designations	Established baseline customer experience scores for each of our priority service designations based on customer trust as prioritized in OMB Circular A-11, Part 6, Section 280	**Met**
1.2: Expand Digital Services	1.2a: Increase the number of successfully completed online transactions	Increase the number of successfully completed online transactions by 5 million over the prior year (406 million)	Successfully completed 441 million online transactions, exceeding our FY 2024 target of 406 million online transactions, which was about 39.6 million more transactions than FY 2023	**Met**
1.3: Build a Customer-Focused Organization	1.3a: Provide uninterrupted access to our systems during scheduled times of operations	99.90% availability	Systems availability was 99.83%, which did not meet our target of 99.90%; experienced two major disruptions to our systems availability in the 4th quarter of FY 2024	**Not Met**
	1.3b: Modernize evidence acquisition systems to drive increased electronic medical evidence volumes through a multi-channel strategy	Acquire 57% of electronic medical evidence	Final percentage of electronic medical evidence acquired for FY 2024 was 58 percent, exceeding the goal of 57 percent	**Met**
	1.3c: Improve customer service by reducing the number of actions pending at the processing centers	5.05 million	Actions pending at the processing centers was 5.13 million by the end of FY 2024, which is above our target of 5.05 million; processing centers received more actions than anticipated	**Not Met**

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

Strategic Objectives

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

Our goal is to ensure our hiring and promotion practices promote equity, as we work to ensure our workforce delivers customer-focused service to diverse populations and reflects the diversity of the customers we serve. We strive to foster an environment that allows them to develop and succeed. We align our human capital policies and emerging technologies, to attract, train, develop, and retain our workforce. What follows are highlights of our progress and challenges toward accomplishing our Strategic Goal and Objectives.

Strategic Objective 2.1: Promote Diversity, Equity, Inclusion, and Accessibility in Hiring and Advancement

Our employees are the heart of the agency. We believe a well-trained, dedicated workforce that reflects the diversity of our customers, is essential to accomplishing our mission. We improved our recruitment and retention practices to build and maintain a representative workforce, including identifying and fostering talent through strategic partnerships with colleges and universities. For example, we enhanced our digital recruitment efforts by leveraging various online platforms to connect with candidates from universities, including Hispanic Serving Institutions, Historically Black Colleges and Universities (HBCU), Minority Serving Institutions, and military installations. Through these platforms, we have reached over 1,500 colleges and universities. We also announced job vacancies using various methods, including increasing the use of social media platforms for recruiting and improving accessibility for employees with disabilities; enhancing data collection and analysis of reasonable accommodation (RA) requests to inform agency RA policies; and increasing function, evaluation, and compliance of *Section 501 of the Rehabilitation Act of 1973,* which prohibits discrimination against people with disabilities in Federal Government employment, and the *Architectural Barriers Act Accessibility Standards*. To ensure all employees have equal opportunities to advance in their careers, we conducted a barrier analysis of our workforce to identify barriers to equal employment opportunity (EEO). We also conducted an analysis of the agency's performance management system to ensure equity in this process. To promote a respectful, safe, and inclusive workplace, we launched the Civil Rights and Diversity Empowerment Portal, a consolidated equal opportunity training site for non-managers, managers, and EEO practitioners.

Strategic Objective 2.2: Support Employees' Chosen Career Paths

We are committed to retaining newly hired employees and increasing employee retention by providing them with necessary training and assistance to successfully manage their workloads. According to our exit survey data, the top three reasons people are leaving are because of morale, training and development, and burn out from managing heavy workloads. While morale and workload issues are ongoing challenges, we revamped entry-level training for our frontline positions. For example, we transformed training for employees in field offices and workload support units by implementing a new training framework. As part of this new framework, trainees work onsite for up to three months, managers cluster trainees in small groups to build community and peer-to-peer support, and trainees have a dedicated mentor throughout the training process. Mentors focus on supporting their trainees and assisting them with learning the complex workloads they will experience on the job. For our teleservice centers, we redesigned training to make new content available via an online platform with onsite facilitator support.

Employees who are well-trained and equipped with the proper tools are critical to our success in providing quality service to the public. We encourage our employees to pursue their chosen career paths by fostering an engaging workplace environment and providing training and development opportunities. We focused on improving employee engagement, strengthening our performance management process, and ensuring equity in leadership development. In FY 2024, we launched the *Invest in You!* Website, giving employees access to information about employee wellness, career and professional development, management support, and chosen career paths.

Developing our employees begins with leadership. We invested in ongoing training and development opportunities for managers. Providing managers with the foundational tools to perform their responsibilities positions them to effectively train and manage the performance of their staff, improve employee engagement, increase productivity, and improve retention. In FY 2024, we offered refresher training on hiring authority to all managers to ensure they effectively use all available hiring authorities. We also launched the Leadership Fundamentals (LF) Year 3–5 curriculum with an enrollment of over 800 supervisors. The curriculum builds upon LF Year 1–2, offering about 30 courses that cover leading people, human capital management, and problem-solving. We ensured our managers are trained in a timely manner.

Performance Measure 2.2b: Ensure New Supervisors Receive Timely Leadership Training

FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Target	FY 2024 Results
100% of supervisors enrolled within 90 days and 98% completed training within one year	100% of supervisors enrolled within 90 days and 54% completed training within one year	82.4% of new supervisors complete training within one year of the effective date of their supervisory appointment	96% of new supervisors completed training within one year of the effective date of their supervisory appointment	At least 95% of new supervisors complete training within one year of the effective date of their supervisory appointment[1]	96% of new supervisors completed training within one year of the effective date of their supervisory appointment

Note:

1. The target represents the percentage of new supervisors that complete training within one year of the effective date of their supervisory appointment.

The following table summarizes our FY 2024 performance measures target and results that support our Strategic Goal and Objectives:

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

Strategic Objective	Performance Measure	FY 2024 Target	FY 2024 Results (Actuals)	Performance Status
2.1: Promote Diversity, Equity, Inclusion, and Accessibility in Hiring and Advancement	2.1a: Increase the use of workforce data analyses to support executive workforce and succession planning and data-driven decision making	Release four new workforce planning and analysis resources	Released five workforce planning and analysis resources	**Met**
2.2: Support Employees' Chosen Career Paths	2.2a: Improve employee engagement	Achieve a score of 75 on the Employee Engagement Index (Supervisor subindex)	Achieved a score of 77 on the Employee Engagement Index (Supervisor subindex), exceeding our target	**Met**
	2.2b: Ensure new supervisors receive timely training to improve their leadership skills and competencies	At least 95% of new supervisors complete training within one year of the effective date of their supervisory appointment	96 percent (474 of 494) of supervisors appointed in FY 2023 completed training within one year, which exceeded our target	**Met**
	2.2c: Strengthen manager accountability for effective performance management	Track 96% of performance documents through e7B	Tracked 96 percent of performance documents through e7B	**Met**

Strategic Goal 3: Ensure Stewardship of SSA Programs

Strategic Objectives

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

Antifraud facts

Our goal is to ensure stewardship and the efficient administration of our programs and to look for ways to identify and address potential inequities. We focused our efforts on three major areas: improving program integrity, enhancing our fraud prevention and detection activities, and improving workforce performance and increasing accountability. What follows are highlights of our progress and challenges toward accomplishing our Strategic Goal and Objectives.

Strategic Objective 3.1: Improve the Accuracy and Administration of Our Programs

We strive to pay our customers the correct benefit amount on-time and reduce improper payments (IP). We pursue opportunities to improve payment accuracy and prevent IPs through enhanced technology, data analyses, and fraud prevention. We are committed to improving the integrity of our programs by reducing OPs and UPs through streamlining our policies and procedures, automating our business processes, and leveraging data through exchanges with other entities. Our most recent accuracy report for OASDI shows that OP accuracy was 99.76 percent, and OASDI UP accuracy was 99.94 percent. For SSI, our most recent accuracy report shows that OP accuracy was 90.82 percent and UP accuracy was 98.56 percent.

Office of Management and Budget (OMB) Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, defines "High-Priority" programs as all programs with IPs resulting in monetary loss that exceed $100,000,000 annually. Our OASDI and SSI programs meet the definition of High-Priority programs. See the Payment Integrity section of this report or PaymentAccuracy.gov for additional information on our program integrity efforts.

In FY 2024, we made the following policy updates to address OPs:

- Stopped automatically intercepting 100 percent of an overpaid beneficiary's monthly Social Security benefit if the beneficiary failed to respond to repayment requests. We are now using a much more reasonable default withholding rate of 10 percent of monthly benefits—the same rate as the SSI program;

- Reframed guidance and procedures to shift the burden of proof away from the claimant in OP "at fault" determinations;
- Increased repayment terms up to 60 months without requesting income and asset information for most beneficiaries who request a repayment plan;
- Made it easier to request a waiver of repayment in "no fault" cases where the OP was caused by agency error and a beneficiary is unable to repay;
- Updated our policies to allow technicians to use the simplified, "administrative waiver" process when a person requests waiver of an OP of up to $2,000 (previously $1,000 or less).

We also improved our use of data analytics and predictive modeling to identify evolving patterns of suspicious activities in our workloads, allowing us to detect and prevent fraud before issuing payments. We implemented Fraud SecurityStat sessions where senior executives meet bi-weekly to analyze and prioritize activities that will most effectively address fraud. Part of this work involves developing our risk management strategy and conducting fraud risk assessments and profiles to understand the fraud landscape. We then build on the strategy, assessment, and profile work to develop and refine data analytics and predictive modeling to detect and prevent fraud. We formed an agency-wide workgroup to develop business requirements that identify the service channel associated with allegations of direct deposit fraud. We are aiming to minimize the amount and rate of successful fraudulent benefit payment redirection through direct deposit changes, and by so doing, reduce the rate at which fraudsters attempt such fraud. We also strengthened our digital identity proofing process by updating language on activation code short message service messages.

Strategic Objective 3.2: Identify and Eliminate Potential Barriers to Access Contracts and Grants

We ensured equitable access to contracting and grant opportunities for underrepresented groups and research institutions serving people of color. We targeted outreach to HBCUs and Institutions Serving Students of Color (ISSC) to solicit feedback about our grantmaking process and potential barriers to grant opportunities. We also conducted monthly outreach meetings with small and large businesses to encourage small business participation in upcoming agency procurements, as well as to promote teaming and opportunities for subcontracting.

In FY 2024, the Retirement and Disability Research Consortium (RDRC) awarded six centers with 5-year agreements including HBCUs and ISSC partnerships. We awarded $5.7 million in supplemental funding to the six grantees including two ISSCs. We expanded the scope of the RDRC annual meeting by returning it to an in-person event, added a poster session where researchers can share their findings with attendees, and increased networking opportunities for junior scholars. We also expanded training and education funding at HBCUs and ISSCs, and revised scoring criteria to broaden the academic and experience factors considered in the selection process.

Performance Measure 3.2b: Increase Funding for HBCUs and ISSCs

FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Target	FY 2024 Results
$62,686	$550,577	$608,896	100% above the 4-year dollar average ($735,000)	100% above the 4-year dollar average[1]	100% above the 4-year dollar average ($5,700,000)

Note:

1. These targets represent goals for funding HBCUs and other ISSCs and scholars through the Retirement and Disability Research Consortium.

Strategic Objective 3.3: Improve Organizational Performance and Policy Implementation

We explore ways to do business better and apply sound management principles to everyday operations. In FY 2024, we leveraged data, analyses, and program expertise to manage our organizational challenges and deliver on our core mission functions. In accordance with OMB Memorandum M-23-15, *Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments*, we matured our organizational health and performance framework by implementing a new organizational performance management process, called SecurityStat, that both utilizes evidence-based analyses and fosters a culture of continuous improvement. SecurityStat brings top executives and subject matter experts together on a revolving two-week cycle to share information timely, deploy resources quickly, and conduct relentless follow-ups. SecurityStat offers a new and unprecedented level of transparency for our stakeholders. The public can see progress updated every month at SSA.gov/securitystat.

We improved the administration of our programs through simplifying our policies and modernizing our processes. In addition to the final rules that we published to help people receiving and applying for SSI, discussed in Strategic Objective 1.1, in FY 2024, we also improved the Lump Sum Death Payment process by removing many of the questions and evidence requirements for living in the same household determinations—helping surviving spouses or caregivers for children more easily apply for this payment. We also implemented a data exchange agreement to provide State death data to the Department of the Treasury for the Do Not Pay system, in support of *Consolidated Appropriations Act, 2021*.

To ensure we protect taxpayer dollars and practice prudent resource management, every fiscal year, we reassess the long-term future of agency facilities and our real property portfolio. We optimize space utilization while fulfilling workspace needs and in turn, achieve cost savings for the agency. We establish reduction targets as part of our annual *Real Property Capital Plan*, an OMB report that outlines our plans and strategy for agency real property based on budget and need. In FY 2024, we reduced our real property footprint by over 846,000 useable square feet (USF).

Performance Measure 3.3a: Reduce Our Real Property Footprint

FY 2020 Results	FY 2021 Results	FY 2022 Results	FY 2023 Results	FY 2024 Target	FY 2024 Results
Achieved an 89,406 USF reduction	Achieved a 159,000 USF reduction	Achieved a 43,600 USF reduction	Achieved a 108,614 USF reduction	Achieve an 824,000 USF reduction[1]	Achieved an 846,170 USF reduction

Note:

1. The target represents the actual space occupied. USF does not include common areas of a building such as lobbies, restrooms, stairwells, storage rooms, and shared hallways.

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.

The following table summarizes our FY 2024 performance measures targets and results that support our Strategic Goal and Objectives:

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

Strategic Objective	Performance Measure	FY 2024 Target	FY 2024 Results (Actuals)	Performance Status
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[1]	94.00% (OP)	Results available in Summer 2025	**TBD**
	3.1b: Maintain a high payment accuracy rate by reducing overpayments, in the Old-Age, Survivors, and Disability Insurance program[2]	99.80% (OP)	Results available in Summer 2025	**TBD**
	3.1c: Ensure the quality of our decisions by achieving the State disability determination services decisional accuracy rate for initial disability decisions	97% decisional accuracy	Results available in January 2025	**TBD**
	3.1d: Maintain effective cybersecurity and privacy programs	Achieve 90% on the CIO FISMA Metrics Scorecard	Achieved 98% on the CIO FISMA Metrics Scorecard, exceeding the target by 8 percent; increased the number of certified systems with an Authority to Operate by 4.5 percent and increased the number of systems with Multi-Factor Authentication by 3 percent	**Met**

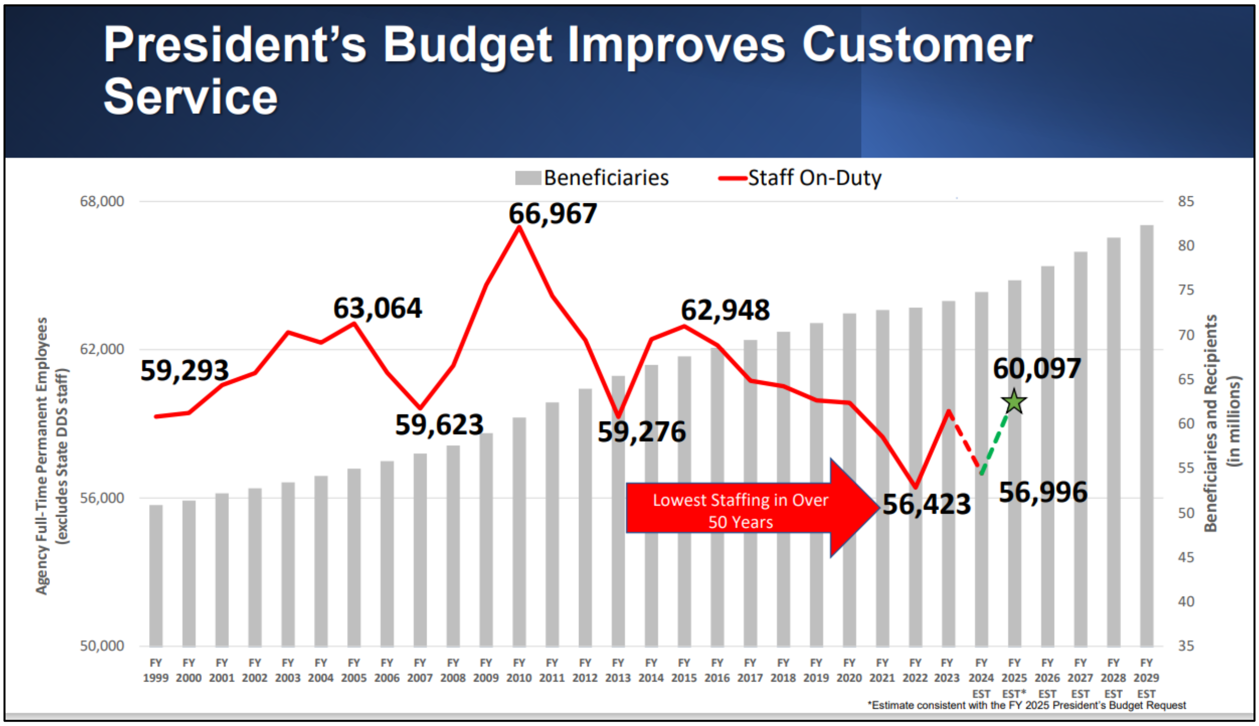
Strategic Objective	Performance Measure	FY 2024 Target	FY 2024 Results (Actuals)	Performance Status
3.2: Identify and Eliminate Potential Barriers to Access Contracts and Grants	3.2a: Achieve Small Business Administration annual scorecard success in contracting with Historically Underutilized Business (HUB) Zone, Woman-Owned, Veteran-Owned, and Small Disadvantaged Businesses	Achieve an overall grade of "A" on the SBA scorecard	Results available in Spring 2025	**TBD**
	3.2b: Increase funding for HBCUs and ISSCs	100% above the 4-year dollar average	Increased funding by 1,628 percent, exceeding our target of 100 percent above the 4-year dollar average ($350,000); issued RDRC grants to HBCU and ISSC institutions and scholars totaling $5.7 million	**Met**
3.3: Improve Organizational Performance and Policy Implementation	3.3a: Reduce our real property footprint	Achieve an 824,000 USF reduction	Exceeded our target of achieving an 824,000 USF reduction by reducing our real estate footprint by 846,170 USF	**Met**

Notes:

1. Annual SSI Stewardship Report results are available in the summer of the following year.
2. Annual OASDI Stewardship Report results are available in the summer of the following year.

Looking Forward – Facing Our Challenges

We have a service and staffing crisis with record backlogs and people waiting far too long for vital services. In FY 2024, we saw our staffing numbers decline, reaching one of our lowest staffing levels in over 50 years due to years of chronic underfunding while the number of beneficiaries increased. We understand that millions of people depend on us as a financial safety net, because our programs affect nearly every member of the public at various points in their lives: from birth, to entering the workforce, to facing a disability or loss of a family member, to enrolling in Medicare, and when reaching retirement. Recognizing that our programs are lifelines for many, it is imperative that we provide timely and quality service. However, to provide timely service, we must have adequate resources and staff.



Technology has helped us serve more beneficiaries than ever before, and the nature of our work and the demand for face-to-face service means restoring our staffing levels is essential. Hardworking SSA employees are essential to improving service delivery. Within resources, we are moving forward with transformational plans to tackle our challenges.

These plans include improving employee engagement through transparent communication and employee recognition. We will implement ongoing soft skills management training, focused on how to better communicate with staff, and hold agency leadership accountable for employee engagement. We will also analyze additional opportunities to recognize employees' efforts and contributions. We plan to improve recruiting and onboarding processes by developing recruitment resources and establishing an Employee Experience workgroup to evaluate and improve the onboarding experience. We will also resume our information technology (IT) modernization efforts, which were paused mainly due to funding constraints. As we move forward, our focus is twofold: retiring technical debt to reduce investments in outdated and legacy technology solutions; and simultaneously replacing unsustainable technology to increase enterprise effectiveness, accuracy, speed, and relevance. This approach is essential for ensuring our organization's long-term ability to meet the evolving needs of the public in an increasingly digital landscape. Our technology investments must provide the public with convenient, user-friendly, and secure self-service options, and our frontline employees with updated tools to serve our customers more efficiently. We must accelerate next-generation artificial intelligence and IT systems development that will drive an enhanced customer and employee experience in future years and provide tangible benefits to the public. Additionally, we must combat the persistent and increasingly sophisticated, malicious cyber campaigns that threaten our security and privacy, placing cybersecurity at the forefront of our effort to protect the sensitive information we maintain.

We are committed to climate adaptation and resilience planning to reduce climate change risks. Our *Sustainability Plan* and *FYs 2024–2027 Climate Adaptation 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. We discuss additional program challenges as detailed in the *Highlights of Financial Position* section and Note 17, Social Insurance Disclosures, in the *Audited Financial Statements and Additional Information* section.

HIGHLIGHTS OF FINANCIAL POSITION

Overview of Financial Data

We received an unmodified opinion on our financial statements from Ernst & Young 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) 2023 and 2024 (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)				
	2024	2023	Increase / (Decrease)	
Total Assets	$2,800.8	$2,856.4	$(55.6)	(1.9)%
Less Total Liabilities	$170.5	$157.0	$13.5	8.6%
Net Position (assets net of liabilities)	$2,630.3	$2,699.4	$(69.1)	(2.6)%
Change in Net Position (end of fiscal year)				
	2024	2023	Increase / (Decrease)	
Net Costs	$1,530.6	$1,433.3	$97.3	6.8%
Total Financing Sources[2]	$1,461.5	$1,392.5	$69.0	5.0%
Change in Net Position[3]	$(69.1)	$(40.8)		

Notes:

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.
3. Increase / (Decrease) is not provided for Change in Net Position as the amounts displayed are already a calculated value.

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 2024 are $2,800.8 billion, a 1.9 percent decrease over the previous year. Of the total assets, $2,783.6 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 99.1 percent of our assets, decreased $55.4 billion from the previous year. This decrease is due to a reduction in OASI investments during FY 2024, as the program's obligations exceeded receipts. This increase in obligations is due primarily to an increase in beneficiaries and the 3.2 percent Cost of Living Adjustment (COLA) beneficiaries received in 2024.

Liabilities grew in FY 2024 by $13.5 billion primarily because of the growth in benefits due and payable, which is primarily due to an increase in the number of OASI beneficiaries, and the 3.2 percent COLA provided to beneficiaries in 2024. The majority of our liabilities (92.8 percent) consists of benefits that have accrued as of the end of the fiscal year, but have not been paid as of September 30, 2024. By statute, payment of OASI and DI program benefits for the month of September does not occur until October. Our net position decreased $69.1 billion to $2,630.3 billion as a result of the decrease in assets and increase in liabilities in FY 2024.

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 2024, our total net cost of operations increased $97.3 billion to $1,530.6 billion, primarily due to a 2.9 percent increase in the number of OASI beneficiaries, and the 3.2 percent COLA provided to beneficiaries in 2024. The OASI and DI net cost increased by 8.1 percent, 1.3 percent respectively, while the SSI net cost decreased by 3.6 percent. Operating expenses increased for the OASI, DI, and SSI programs by 5.7 percent, 7.4 percent, and 4.8 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 2024, our total benefit payment expenses increased by $96.4 billion, a 6.8 percent increase. The following table provides the benefit payment expense information, number of beneficiaries, and the change in these benefit items during FY 2024 and FY 2023 for each of our three major programs. The decrease in SSI benefit payment expense from FY 2023 to FY 2024 is due to 11 months of benefit payments in FY 2024 versus 12 months of payments in FY 2023 resulting from the October 2023 payments being accelerated into FY 2023 as the payment date fell on a weekend. This decrease is offset by an increase in benefit payment expense in FY 2024 due to the 3.2 COLA provided to beneficiaries in 2024. Refer to Note 1, Reporting Entity and Summary of Significant Accounting Policies in the *Financial Section* of this report for additional information on benefit payments.

Benefit Changes in Our Major Programs During Fiscal Years 2024 and 2023

OASI				
	2024	2023	Increase / (Decrease)	
Benefit Payment Expense[1]	$1,301.4	$1,204.3	$97.1	8.1%
Average Monthly Benefit Payment[2, 3]	$1,837.79	$1,759.67	$78.12	4.4%
Number of Beneficiaries[3, 4]	59.9	58.2	1.7	2.9%
DI				
	2024	2023	Increase / (Decrease)	
Benefit Payment Expense[1]	$156.9	$155.1	$1.8	1.1%
Average Monthly Benefit Payment[2, 3]	$1,402.44	$1,350.00	$52.44	3.9%
Number of Beneficiaries[3, 4]	8.4	8.6	(0.2)	(2.3)%
SSI				
	2024	2023	Increase / (Decrease)	
Benefit Payment Expense[1]	$55.9	$58.4	$(2.5)	(4.3)%
Average Monthly Benefit Payment[2, 3]	$697.27	$676.06	$21.21	3.1%
Number of Beneficiaries[3, 4]	7.4	7.5	(0.1)	(1.3)%

Notes:

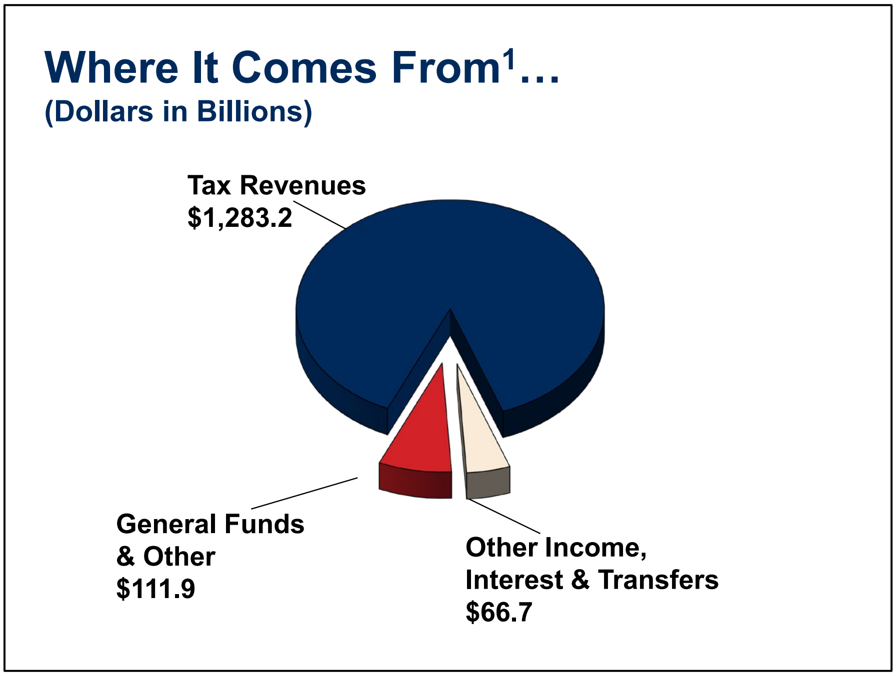
1. Benefit payment expense presented in billions. As such, this presentation may affect the percent Increase / (Decrease) in this chart that are based on the financial statement values, which are presented in the millions.
2. Average monthly benefit payment for OASI, DI, and SSI programs presented in actual dollars.
3. Average monthly benefit payment and number of beneficiaries for OASI, DI, and SSI as of September 30.
4. Number of beneficiaries presented in millions.

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 $69.1 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 and the Railroad Retirement Board. We use most of the resources available to us to finance OASDI benefits and cover administrative expenses. As of September 30, 2024, OASI's FY 2024 net cost exceed financing sources, decreasing its net position. DI's FY 2024 financing sources exceed its net cost, increasing its net position.

In FY 2024, total financing sources, as shown in the Table of Key Financial Measures displayed earlier in this section, increased by $69.0 billion to $1,461.5 billion. This increase is primarily due to an increase in OASI and DI tax revenues received in FY 2024. Tax revenue increased $67.8 billion to $1,283.2 billion in FY 2024 due primarily to an increase in OASDI employment tax collections during FY 2024, as estimates and the related collections continue to increase in both programs post the COVID-19 pandemic. The $1,461.5 billion in total financing sources from the Statement of Changes in Net Position will not match the amounts reported in the following "Where It Comes From…" chart. The activity reported in the chart includes

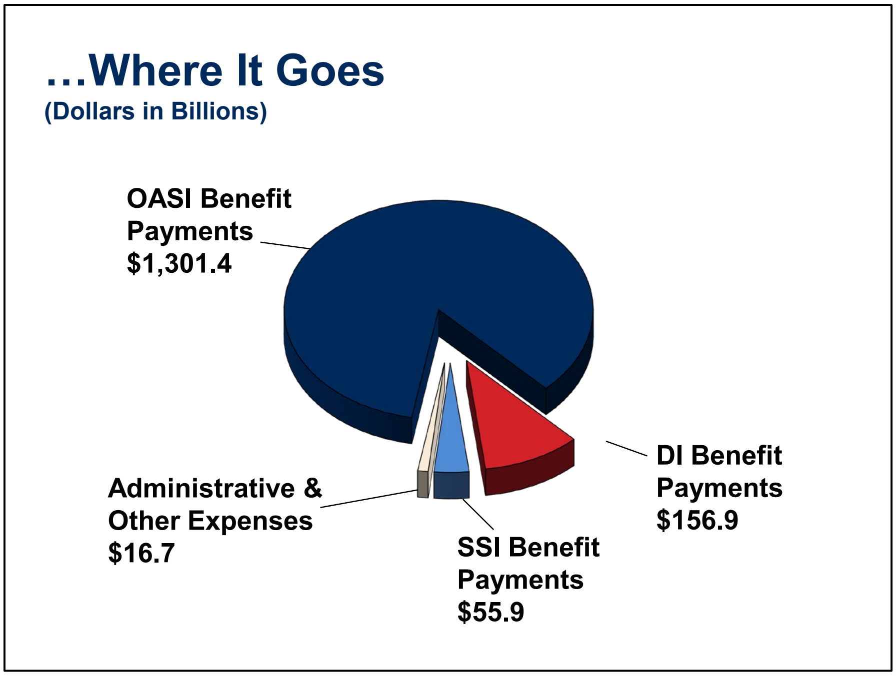
$0.3 billion in exchange revenue. Our exchange revenues primarily include payments of fees we receive from States that have us administer their State Supplementation of Federal SSI benefits. These amounts are reported on the Statement of Net Cost and are not classified as a financing source.

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 2024.



Note:

1. The individual items included in the "Where It Comes From…" chart total $1,461.8 billion. Of this total, $0.3 billion relates to exchange revenue, which is not included on the Statement of Changes in Net Position.



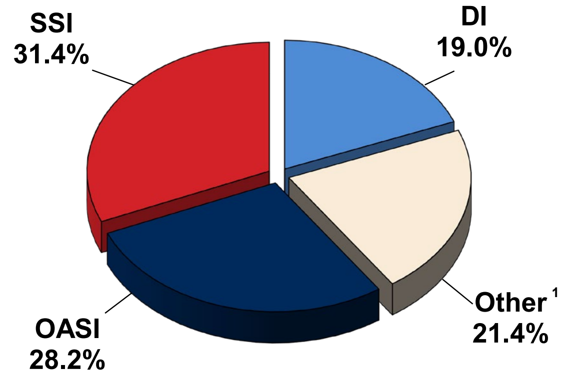
The SSI program’s Cumulative Results of Operations are negative due to unfunded Benefits Due and Payable liabilities. Unadjudicated and adjudicated, or pending, claims make up a significant portion of SSI’s Benefits Due and Payable activity. SSI will pay for these benefits using future years’ resources. 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 2024. The Statement shows that we had $1,610.5 billion in budgetary resources, of which $2.6 billion remained unobligated at year-end. We recorded total net outlays of $1,519.7 billion by the end of the year. Budgetary resources increased $98.8 billion, or 6.5 percent, from FY 2023, while net outlays increased $103.4 billion, or 7.3 percent. The increase in budgetary resources is primarily due to the increase in tax revenues collected by the OASDI Trust Funds in FY 2024. The increase in net outlays is primarily due to an increase in the number of OASI beneficiaries and the 3.2 percent COLA provided to beneficiaries in 2024.

Use of Administrative Resources

The following chart displays the use of all administrative resources (including general operating expenses) for FY 2024 in terms of the programs we administer or support. Although the DI program comprises only 10.4 percent of the total benefit payments we make, it consumes 19.0 percent of annual administrative resources. Likewise, while the SSI program comprises only 3.7 percent of the total benefit payments we make, it consumes 31.4 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 2023 use of administrative resources by program was 28.1 percent for the OASI program, 18.6 percent for the DI program, 31.6 percent for the SSI program, and 21.7 percent for Other.

Use of Administrative Resources by Program
FY 2024

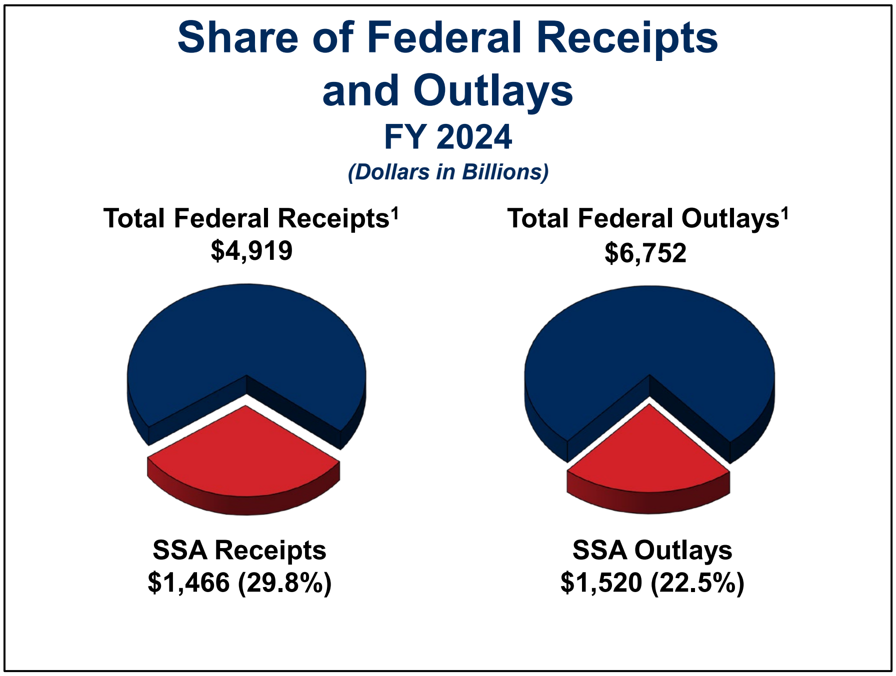


Note:

1. Other primarily consists of Hospital Insurance/Supplemental Medical Insurance.

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 2024 represented 29.8 percent of the $4.9 trillion in total Federal receipts, a decrease of 1.7 percent from last year. SSA Outlays decreased by 0.6 percent to 22.5 percent of Federal outlays. SSA outlays increased in FY 2024 compared to FY 2023 by $103.4 billion, while Federal outlays increased by $617.0 billion.



Note:

1. Data Source: Final Monthly Treasury Statement of Receipts and Outlays of the United States Government.

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)				
	2024	2023	Increase / (Decrease) [3]	
Present value of future net cash flows[2] for current and future participants over the next 75 years (open group measure)	$(25,406)	$(25,252)	$(154)	(0.6)%

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 combined OASI and DI Trust Fund reserves are depleted. Future net cash flows are defined as future inflows (noninterest income) less future outflows (the cost of providing scheduled benefits) and 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 -$25.3 trillion, as of January 1, 2023, to -$25.4 trillion, as of January 1, 2024. The deficit, therefore, increased in magnitude by almost $0.2 trillion. Including the reserves in the combined OASI and DI Trust Funds increases this open group measure by about $2.8 trillion, to -$22.6 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 -$48.9 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 $26.2 trillion to the open group measure of -$22.6 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, 2023 to January 1, 2024: 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, 2098, by itself decreased the present value of estimated future cash flows by $0.8 trillion;
- Changes in demographic data, assumptions, and methods decreased the present value of estimated future net cash flows by $1.2 trillion;
- Changes in economic data, assumptions, and methods increased the present value of estimated future net cash flows by $0.4 trillion;
- Changes in programmatic data and methods increased the present value of estimated future net cash flows by $1.4 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:

- Lowering the ultimate total fertility rate from 2.0 children per woman to 1.9 children per woman and reaching the ultimate value in an earlier year;
- Lowering the ultimate disability incidence rate from 4.8 per thousand exposed to 4.5 per thousand exposed; and

- Increasing the assumed level of labor productivity over the projection period, given that economic growth through 2023 exceeded prior expectations.

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 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 30.8 months at the end of FY 2020, declining to 28.1 months at the end of FY 2021, 25.1 months at the end of FY 2022, and to estimated values of 23.2 months and 21.1 months at the end of FY 2023 and FY 2024, respectively.

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

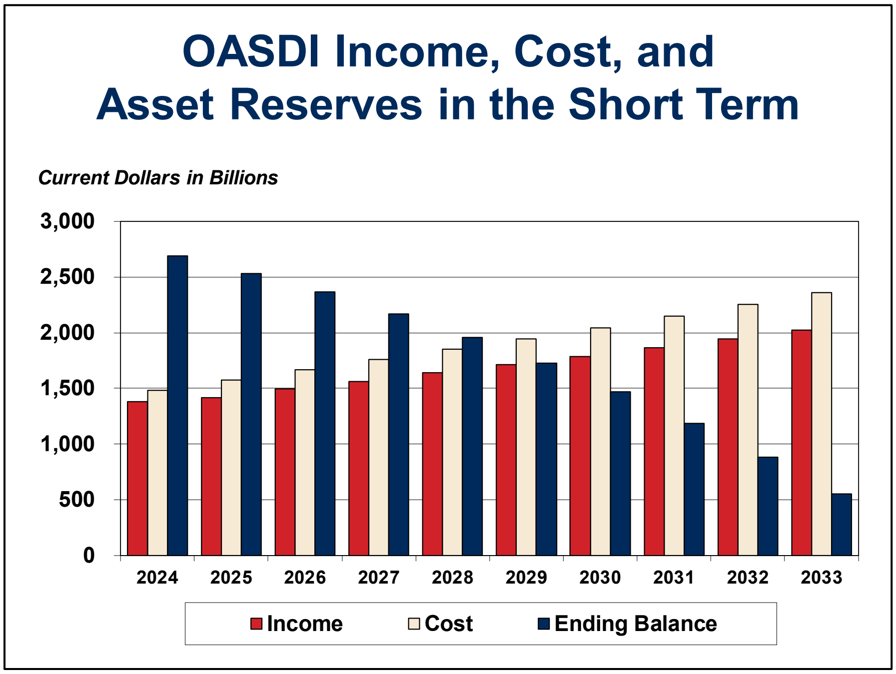
	2024	2023	2022	2021	2020
OASI	22.2	24.6	27.2	30.8	34.0
DI	12.4	10.9	9.0	8.1	8.1
Combined	21.1	23.2	25.1	28.1	30.8

Notes:

1. Computed as 12 times the ratio of end-of-year reserves to cost in the following fiscal year.
2. Values for FY 2023 and FY 2024 are estimates based on the intermediate set of assumptions of the 2024 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 2024 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 2024 Trustees Report, OASDI estimated costs of $2,359 billion and income of $2,027 billion for 2033 are 69 percent and 50 percent higher than the corresponding amounts in 2023 ($1,392 billion and $1,351 billion, respectively). From the end of 2023 to the end of 2033, combined OASI and DI Trust Fund reserves are projected to decrease by 80 percent, from $2.8 trillion to $0.6 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 2024 Trustees Report, program costs will exceed income in all years of the 75-year projection period. The combined OASI and DI Trust Fund reserves are projected to become depleted in 2035. Tax revenues are projected to be sufficient to support expenditures at a level of 83 percent of scheduled benefits after the combined OASI and DI Trust Fund reserves become depleted in 2035, declining to 73 percent of scheduled benefits in 2098.

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 $22.6 trillion, which is 3.32 percent of taxable payroll and

1.2 percent of gross domestic product 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 59 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 2024 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, 2024.

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, 2024, 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, *Management of Financial Management Systems – Risk and Compliance*. 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 2024 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.

Martin O'Malley
Commissioner
November 13, 2024

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 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 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 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 accounting firm performs detailed reviews of our FMSs. During fiscal year (FY) 2024, 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 2024, we engaged an independent accounting firm, separate from our independent auditor, to assess our compliance with the 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 2024, we continued to expand on our *Risk Evaluation, Assessment, and Considerations Handbook* that provides guidance in incorporating risk assessments and analyses into agency projects, initiatives, and decision memorandums. We incorporated more continuous monitoring into our risk profile process, providing more frequent updates to our risk response and proposed actions sections along with considerations of which risks to include. The risks included in our risk profile align with the Inspector General's report on the agency's "Major Management and Performance Challenges" and are discussed bi-weekly in various agency SecurityStat sessions. More information on SecuritySTAT can be found at SSA.gov/securitystat.. Finally, we are constantly reaching out beyond our Program Partners to integrate ERM with various risk functions throughout the agency.

Financial Statement Audit

The Office of the Inspector General (OIG) contracted with Ernst & Young LLP (EY) for the audit of our FY 2024 financial statements. EY opined that the Consolidated Financial Statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles (GAAP) for Federal entities.

EY also opined that the Sustainability Financial Statements, which comprise the Statement of Social Insurance as of January 1, 2024, and the Statement of Changes in Social Insurance Amounts for the period January 1, 2023 to January 1, 2024, are presented fairly, in all material respects, in accordance with U.S. GAAP.

EY opined that we maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, 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, EY cited two significant deficiencies identified in prior years. These significant deficiencies concern internal controls over certain financial information systems and internal control over accounts receivable with the public (benefit overpayments). We are working to resolve the deficiencies identified by audits through risk-based corrective action plans to mitigate risks and strengthen our internal control environment.

For more information on the auditors' findings and our plans to correct the findings, please refer to the *Report of Independent Auditors* and *Agency Response to the Report of Independent Auditors* sections 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 2024 FISMA audit, EY identified a number of recommendations to mature the cybersecurity posture of the agency, including process improvements associated with the integration of our enterprise and cybersecurity risk management programs, leading EY to issue an overall Not Effective rating for our program. While we agree with the auditor'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 Inspector General (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 2023-2024 IG FISMA Reporting Metrics, "IGs should consider both their and the agency's assessment of unique missions, resources, and challenges when determining information security program effectiveness." Additionally, it states, "Therefore, an IG has the discretion to determine that an agency's information security program is effective even if the agency does not achieve a Level 4 (Managed and Measurable)."

We concur with EY's Effective rating for our Incident Response program, further demonstrating our commitment to ensure incident detection and handling are in place to battle an evolving threat landscape. Our response to these evolving threats amid well publicized exploits of corporate and government entities in FY 2024 demonstrates our capabilities to protect the agency's information technology (IT) assets. Additionally, we agree with EY's Effective rating for the Information Security Training program. Significant improvements were made in our phishing and training programs that resulted in receiving the Innovative Solutions Award during the 34th Federal Information Security Educators Conference.

As evidenced by our improved FY 2024 scores, we continuously enhance our cybersecurity and privacy controls that elevates our maturity levels. Fifty-four percent of all metrics are rated L3 Consistently Implemented or higher. We understand the importance of strong enterprise cyber governance and managing associated cyber risks are of utmost importance to our agency and we will continue our efforts to further improve our performance across all FISMA domains. For this reason, we strengthened and expanded our Information System Security Officer (ISSO) program by adding Information System Security Engineer staff to assist the ISSOs in providing improved front line security oversight for agency components, regions, and distributed sites. Additionally, we implemented a Cybersecurity Risk Program Management Office (PMO) and established an enhanced cybersecurity risk dashboard. Continued efforts in this area will assist in raising scores in all FISMA domains.

In terms of our strategy to achieve a Level 4 Effective rating, we are developing maturation plans to elevate all FISMA domains to at least level 3 or level 4 specifically targeting the Identify and Detect domains. To that end, we established the Cyber Risk PMO and dashboard. The PMO will define metrics and drive performance measures needed to ensure all agency software include appropriate security controls and manage cybersecurity risks.

The agency will continue to prioritize our efforts based on risk-based decisions in implementing all recommended cybersecurity program improvements, however it is important to note that many of our initiatives require multi-year investments to fully meet the criteria established for an Effective program, as designated by the metrics.

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.

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. Every agency financial transaction is recorded in SSOARS. SSOARS is subject to extensive audit testing procedures by the independent auditors contracted by OIG in accordance with the *Chief Financial Officer's Act of 1990*.

SSOARS is a federally certified accounting system based on Oracle Federal Financials and consists of core accounting, payables, purchasing, receivables, iStore, WebCenter, Business Intelligence (BI) Publisher, Service Oriented Architecture Suite, and Single Sign-on (SSO) services. SSOARS produces management information reports and provides real-time integration with administrative and programmatic systems for obligations and payments, which significantly improves reporting accuracy and timeliness.

In FY 2024, we began migrating SSOARS to new hardware. The move to the new hardware entails a change from Solaris to LINUX operating systems. This will achieve more compliance with the agency's Office of the Chief Information Officer (OCIO)-recommended technologies upon retirement of the Oracle hardware in December. We achieved significant results with G-Invoicing releases and patches. SSOARS interfaces fully as a requestor in the governmentwide G-Invoicing system. This achieves compliance with a government mandate to use G-Invoicing.

We provided a replacement application for Oracle's BI Publisher and WebCenter with agency supported WebFOCUS reporting which allows SSOARS to utilize an agency supported reporting system instead of two Oracle commercial off-the-shelf software applications for reporting. This will achieve more compliance with the agency's OCIO-recommended technologies upon retirement of Oracle's BI Publisher and WebCenter in December. We implemented Multi-Factor Authentication (MFA)-compliant SSO for SSOARS users which achieves compliance with the agency's OCIO MFA requirements. Finally, we monitored and resolved multiple Known Exploited Vulnerabilities (KEV), which are risks identified by the Cybersecurity and Infrastructure Security Agency (CISA). This achieves compliance with the CISA rules for Federal agencies to speedily patch KEVs as published by CISA.

Throughout FY 2025, we will complete the SSOARS migration to the new hardware using the LINUX operating system. We plan to continue execution of G-Invoicing releases and patches. We will retire BI Publisher and WebCenter. To determine the best approach to fully implement SSOARS to a next generation Treasury-approved Financial Management Quality Service Management Office (FM QSMO) offering, we will analyze and compare FM QSMO offerors.

As CISA identifies risks and vulnerabilities, we will monitor and resolve the associated KEVs. We will conduct research and analysis for the implementation of OMB and Treasury requirements such as: Program Activity Reporting Key code implementation and Treasury Account Symbol revisions. We will also conduct major infrastructure patching of SSOARS.

Digital Accountability and Transparency Act

We submitted and certified the required reports for the *Digital Accountability and Transparency Act of 2014* (DATA Act) for the fourth quarter of FY 2023 and the first, second, and third quarters of FY 2024. 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 2024.

We are continuing to engage with the DATA Act community to develop improvements to the Governmentwide Spending Data Model (GSDM) formerly known as the DATA Act Information Model Schema. 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](https://www.usaspending.gov) and additional data to Treasury. For FY 2024, we implemented GSDM 1.0.1.

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 2024, we had 669 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 2023, we had 484 unlinked awards and 93 percent of these awards were either zero dollar or micro-purchase. The unlinked awards on USAspending are dynamic and can change from submission to submission as new data is submitted.

Since the first DATA Act reporting period, second 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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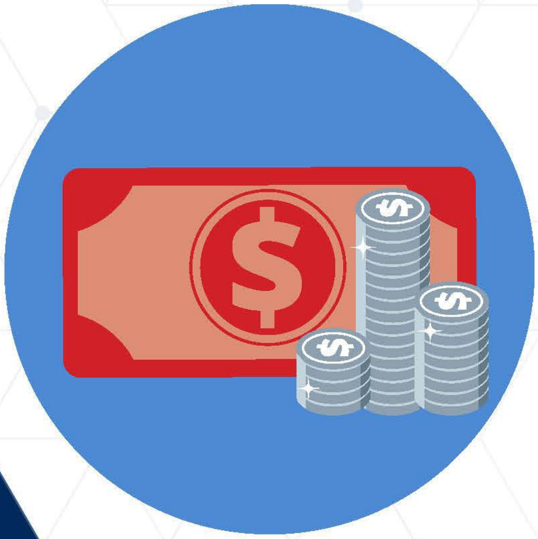
Financial Section



A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

I am honored to join Commissioner O'Malley in presenting our fiscal year (FY) 2024 *Agency Financial Report* (AFR). This report highlights many of our FY 2024 accomplishments, illustrates our dedication to fiscal accountability and transparency, and demonstrates our commitment to achieving our mission to ensure equity and accessibility in delivering Social Security services by improving the customer experience and addressing systemic barriers to participation in our programs. We discuss our progress towards meeting these goals in the *Overview of Our Fiscal Year 2024 Goals and Results* section.

For the 31st 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 our financial position fairly and are free of material misstatement. Our independent auditors also issued an unmodified opinion on the effectiveness of our internal control over financial reporting. The auditors determined that we had no material weaknesses and cited two significant deficiencies identified in prior years. The significant deficiencies concern internal controls over certain financial information systems and internal control over accounts receivable with the public (i.e., benefit overpayments).

We are working to resolve the deficiencies identified by audits through risk-based corrective action plans to mitigate risks and strengthen our control environment. We have focused 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. As a result of these challenges, many elements of our remediation plans will take time to implement. Nonetheless, we are 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 Auditors* sections of this report.

We continued an unprecedented streak in Federal Government financial reporting with our FY 2023 AFR, and for the 26th consecutive year, AGA awarded us the Certificate of Excellence in Accountability Reporting (CEAR). We are committed to excellence in financial reporting, as demonstrated by our receipt of the CEAR.

We continue to investigate ways to improve our business processes through leveraging automation and improving systems. We are focused on 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. These efforts – if supported with sustained, sufficient funding – will put us on the path to significantly improve our service to the public in the coming years.

During FY 2024, the Office of the Chief Financial Officer completed the following key financial management initiatives that advanced the agency's mission, strategic goals, and objectives:

- We improved our business processes by modernizing our legacy systems and leveraging automation. Millions of people depend on our National 800 Number Network (N8NN) representatives and automated options to answer their inquiries and complete transactions; however, over the past few years, our outdated phone system has frustrated the public, as well as our phone agents, with busy signals and dropped calls. Hiring challenges and high telephone agent attrition have also affected service and caused long waits. This year, we successfully awarded a contract enabling us to fully transition our N8NN to a consolidated platform, which improves our customers' ability to speak with available agents and improves our efforts to lower customer hold times.
- We supported the Commissioner's priority to make overpayment and underpayment process improvements and successfully reviewed and updated overpayment policies to change the debt recovery period from 36 months to 60 months, allowing overpaid individuals additional time to repay their overpayments.
- We partnered with the Department of the Treasury and our Office of the Chief Information Officer to reduce improper payments by providing additional days to update beneficiaries' payment and eligibility information (e.g., death, suspension, bank account, mailing address). We estimate this saves the agency more than $100 million annually.
- Our latest Sustainability Scorecard revealed that we reduced our greenhouse gas emissions in our facilities and operations by 69 percent, making us the third best in Government.
- We increased our onsite presence to better serve the American people, increased collaboration amongst our dedicated employees, and strengthened support and training to our frontline workers. We completed the transition to a new guard contractor to ensure the safety and security of all employees on campus. In addition, we reduced our real property footprint by over 846,000 useable square feet (USF), exceeding our target of 830,000 USF, saving the agency $18 million annually in lease avoidance costs.
- We completed several critical milestones in support of the Central Print initiative to modernize communications and comply with U.S. Code Title 44, which requires all printing to go through the Government Publishing Office. This initiative reduces costs associated with mailing notices and eliminates the need for field office staff to print and mail notices, thus reducing task time for technicians and enabling them to focus on serving the public. Through FY 2024, we estimate that Central Print has saved the agency over 230 work years and $28 million in print and mailing cost avoidance since the project started in FY 2022.

The accomplishments in this report are a direct reflection of our dedicated employees who are working diligently to improve service to our customers. They work every day to ensure the success of our financial management program, while helping to achieve our important mission and support our customers by delivering financial support, providing superior customer service, and ensuring their safety and security.

Respectfully,

Chad Poist

Baltimore, Maryland
November 13, 2024

AUDITED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Our financial statements and additional information for fiscal years (FY) 2024 and 2023 consist of the following:

- The **Consolidated Balance Sheets** present, as of September 30, 2024 and 2023, 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, 2024 and 2023. 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, 2024 and 2023. 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, 2024 and 2023. 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) programs (referred to as OASDI when discussing them in combination) 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, 2023 to the period beginning on January 1, 2024; and (2) change from the period beginning on January 1, 2022 to the period beginning on January 1, 2023. 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, 2024 and 2023
(Dollars in Millions)

Assets	2024	2023
Intragovernmental Assets:		
Fund Balance with Treasury (Notes 3 and 4)	**$ 6,990**	$ 7,625
Investments (Note 5)	**2,776,873**	2,832,322
Accounts Receivable, Net (Note 6)	**1,709**	1,955
Advances and Prepayments (Note 8)	**82**	116
Total Intragovernmental Assets	**2,785,654**	2,842,018
Assets with the Public:		
Accounts Receivable, Net (Notes 3 and 6)	**9,992**	9,342
Property, Plant, and Equipment, Net (Note 7)	**5,164**	4,996
Total Assets with the Public	**15,156**	14,338
Total Assets	**$ 2,800,810**	$ 2,856,356
Liabilities (Note 9)		
Intragovernmental Liabilities:		
Accounts Payable	**$ 5,672**	$ 5,643
Advances from Others and Deferred Revenue	**0**	1
Other Liabilities	**4,949**	4,677
Total Intragovernmental Liabilities	**10,621**	10,321
Liabilities with the Public:		
Accounts Payable	**451**	335
Federal Employee Salary, Leave, and Benefits Payable	**575**	524
Pension, Post-Employment, and Veterans Benefits Payable	**263**	262
Benefits Due and Payable	**158,279**	145,520
Advances from Others and Deferred Revenue	**289**	10
Other Liabilities	**39**	19
Total Liabilities with the Public	**159,896**	146,670
Total Liabilities	**$ 170,517**	$ 156,991
Commitments and Contingencies (Note 9)		
Net Position		
Unexpended Appropriations - Funds from other than Dedicated Collections	**$ 1,865**	$ 4,012
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)	**2,624,095**	2,690,297
Cumulative Results of Operations - Funds from other than Dedicated Collections	**4,333**	5,056
Total Cumulative Results of Operations	**2,628,428**	2,695,353
Total Net Position	**$ 2,630,293**	$ 2,699,365
Total Liabilities and Net Position	**$ 2,800,810**	$ 2,856,356

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

Consolidated Statements of Net Cost for the Years Ended September 30, 2024 and 2023

(Dollars in Millions)

	2024	2023
OASI Program		
Benefit Payment Expense	**$ 1,301,396**	$ 1,204,269
Operating Expenses (Note 11)	**4,713**	4,457
Total Cost of OASI Program	**1,306,109**	1,208,726
Less: Exchange Revenues (Note 12)	**(21)**	(17)
Net Cost of OASI Program	**$ 1,306,088**	$ 1,208,709
DI Program		
Benefit Payment Expense	**$ 156,914**	$ 155,148
Operating Expenses (Note 11)	**3,178**	2,959
Total Cost of DI Program	**160,092**	158,107
Less: Exchange Revenues (Note 12)	**(39)**	(32)
Net Cost of DI Program	**$ 160,053**	$ 158,075
SSI Program		
Benefit Payment Expense	**$ 55,882**	$ 58,374
Operating Expenses (Note 11)	**5,254**	5,015
Total Cost of SSI Program	**61,136**	63,389
Less: Exchange Revenues (Note 12)	**(250)**	(260)
Net Cost of SSI Program	**$ 60,886**	$ 63,129
Other		
Operating Expenses (Note 11)	**$ 3,573**	$ 3,441
Less: Exchange Revenues (Note 12)	**(17)**	(15)
Net Cost of Other Program	**$ 3,556**	$ 3,426
Total Net Cost		
Benefit Payment Expense	**$ 1,514,192**	$ 1,417,791
Operating Expenses (Note 11)	**16,718**	15,872
Total Cost	**1,530,910**	1,433,663
Less: Exchange Revenues (Note 12)	**(327)**	(324)
Total Net Cost	**$ 1,530,583**	$ 1,433,339

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

Consolidated Statements of Changes in Net Position for the Years Ended September 30, 2024 and 2023

(Dollars in Millions)

	2024			2023		
	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**	**$ 4,012**	**$ 4,012**	$ 0	$ 4,862	$ 4,862
Appropriations Received	**53,749**	**61,217**	**114,966**	50,786	64,262	115,048
Other Adjustments	**0**	**(9)**	**(9)**	0	(11)	(11)
Appropriations Used	**(53,749)**	**(63,355)**	**(117,104)**	(50,786)	(65,101)	(115,887)
Net Change in Unexpended Appropriations	**0**	**(2,147)**	**(2,147)**	0	(850)	(850)
Total Unexpended Appropriations - Ending	**0**	**1,865**	**1,865**	0	4,012	4,012
Cumulative Results of Operations:						
Beginning Balances	**$ 2,690,297**	**$ 5,056**	**$ 2,695,353**	$ 2,729,650	$ 5,651	$ 2,735,301
Appropriations Used	**53,749**	**63,355**	**117,104**	50,786	65,101	115,887
Non-Exchange Revenue						
Tax Revenues (Note 13)	**1,283,226**	**0**	**1,283,226**	1,215,470	0	1,215,470
Interest Revenues	**68,647**	**0**	**68,647**	66,257	0	66,257
Other	**(28)**	**0**	**(28)**	2	0	2
Total Non-Exchange Revenue	**1,351,845**	**0**	**1,351,845**	1,281,729	0	1,281,729
Transfers-In/Out - Without Reimbursement	**(12,751)**	**9,934**	**(2,817)**	(11,529)	9,702	(1,827)
Imputed Financing Sources (Note 14)	**0**	**914**	**914**	0	794	794
Other	**86**	**(3,474)**	**(3,388)**	(86)	(3,106)	(3,192)
Net Cost of Operations	**1,459,131**	**71,452**	**1,530,583**	1,360,253	73,086	1,433,339
Net Change in Cumulative Results of Operations	**(66,202)**	**(723)**	**(66,925)**	(39,353)	(595)	(39,948)
Cumulative Results of Operations - Ending	**$ 2,624,095**	**$ 4,333**	**$ 2,628,428**	$ 2,690,297	$ 5,056	$ 2,695,353
Net Position	**$ 2,624,095**	**$ 6,198**	**$ 2,630,293**	$ 2,690,297	$ 9,068	$ 2,699,365

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

Combined Statements of Budgetary Resources for the Years Ended September 30, 2024 and 2023
(Dollars in Millions)

	2024	2023
Budgetary Resources (Note 15)		
Unobligated balance from prior year budget authority, net	**$ 5,473**	$ 6,629
Appropriations (discretionary and mandatory)	**1,587,313**	1,487,756
Spending authority from offsetting collections (discretionary and mandatory)	**17,750**	17,311
Total Budgetary Resources	**$ 1,610,536**	$ 1,511,696
Status of Budgetary Resources		
New obligations and upward adjustments		
Direct	**$ 1,604,779**	$ 1,503,644
Reimbursable	**3,175**	3,198
New obligations and upward adjustments (total)	**1,607,954**	1,506,842
Unobligated balance, End of Year		
Apportioned, unexpired accounts	**2,134**	3,965
Unapportioned, unexpired accounts	**6**	377
Unexpired unobligated balance, end of year	**2,140**	4,342
Expired unobligated balance, end of year	**442**	512
Unobligated balance, end of year (total)	**2,582**	4,854
Total Budgetary Resources	**$ 1,610,536**	$ 1,511,696
Outlays, Net		
Outlays, net (discretionary and mandatory)	**$ 1,576,795**	$ 1,470,079
Distributed offsetting receipts	**(57,062)**	(53,751)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 1,519,733**	$ 1,416,328

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, 2024[1, 2, 3, 4]
(Dollars in Billions)

		Estimates Reported in Prior Years			
	2024	**2023**	**2022**	**2021**	**2020**
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	**$ 2,414**	$ 2,169	$ 1,998	$ 1,766	$ 1,720
Cost for scheduled future benefits	**24,641**	23,489	21,591	19,785	18,269
Future noninterest income less future cost	**(22,226)**	(21,321)	(19,593)	(18,019)	(16,549)
Participants who have not yet attained retirement eligibility age (ages 15–61):					
Noninterest income	**44,586**	42,195	40,365	37,465	35,215
Cost for scheduled future benefits	**74,014**	71,234	68,471	64,932	59,784
Future noninterest income less future cost	**(29,428)**	(29,039)	(28,105)	(27,467)	(24,569)
Present value of future noninterest income less future cost for current participants (closed group measure)	**(51,655)**	(50,360)	(47,699)	(45,486)	(41,118)
Combined OASI and DI Trust Fund reserves at start of period	**2,788**	2,830	2,852	2,908	2,897
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	**$ (48,866)**	$ (47,530)	$ (44,847)	$ (42,578)	$ (38,220)
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	**$ 44,295**	$ 43,045	$ 41,808	$ 39,349	$ 36,964
Cost for scheduled future benefits	**18,046**	17,937	17,411	16,604	15,542
Future noninterest income less future cost	**26,249**	25,108	24,397	22,745	21,421
Present value of future noninterest income less future cost for current and future participants (open group measure)	**(25,406)**	(25,252)	(23,301)	(22,742)	(19,696)
Combined OASI and DI Trust Fund reserves at start of period	**2,788**	2,830	2,852	2,908	2,897
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	**$ (22,618)**	$ (22,422)	$ (20,449)	$ (19,833)	$ (16,799)

Notes:

1. The accompanying notes are an integral part of these financial statements.
2. Components may not sum to totals because of rounding.
3. 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.
4. 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[1, 2, 3, 4, 5]

January 1, 2023 to January 1, 2024
(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, 2023	$ (25,252)	2,830	$ (22,422)
Reasons for changes between January 1, 2023 and January 1, 2024 (Note 17)			
Change in the valuation period	(767)	(53)	(820)
Changes in demographic data, assumptions, and methods	(1,157)	0	(1,157)
Changes in economic data, assumptions, and methods	397	0	397
Changes in programmatic data and methods	1,373	12	1,385
Changes in law or policy	0	0	0
Net change between January 1, 2023 and January 1, 2024	$ (154)	$ (41)	$ (195)
As of January 1, 2024	**$ (25,406)**	**$ 2,788**	**$ (22,618)**

January 1, 2022 to January 1, 2023
(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, 2022	$ (23,301)	2,852	$ (20,449)
Reasons for changes between January 1, 2022 and January 1, 2023 (Note 17)			
Change in the valuation period	(699)	(47)	(746)
Changes in demographic data, assumptions, and methods	(128)	0	(128)
Changes in economic data, assumptions, and methods	(845)	0	(845)
Changes in programmatic data and methods	(279)	25	(254)
Changes in law or policy	0	0	0
Net change between January 1, 2022 and January 1, 2023	$ (1,951)	$ (22)	$ (1,973)
As of January 1, 2023	**$ (25,252)**	**$ 2,830**	**$ (22,422)**

Notes:

1. The accompanying notes are an integral part of these financial statements.
2. Components may not sum to totals because of rounding.
3. 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.
4. Future noninterest income and future cost are estimated over the appropriate 75-year period.
5. 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, 2024 and 2023

1. Reporting Entity and 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 Policies

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. The purpose of Federal budgetary accounting is to control, monitor, and report on funds made available to Federal agencies by law and help ensure compliance with the law. Definitions of commonly used budget terms may be found in OMB Circular No. A-11, Section 20. Budgetary accounting rules 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.

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.

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.

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 2024.

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, intragovernmental receivables are estimated to be 100 percent collectible 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.

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 are capitalized with no threshold. Leasehold Improvements have a capitalization threshold of $1 million. Refer to Note 7, 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. For OASI and DI this occurs in the current month, with benefit disbursements generally being made after the end of each month. For SSI, this occurs on the first day of each month when disbursements are generally made. 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 Operating Expenses and Obligations

SSA administrative operating 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 operating 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.

Leases

Effective October 1, 2023, SFFAS No. 54, *Leases*, revises the financial reporting standards for Federal lease accounting and provides a comprehensive set of lease accounting standards to recognize Federal lease activities in a reporting entity's financial reports and note disclosures. The statement requires Federal lessees to recognize a lease liability and a lease asset at the commencement of the lease term for all material non-intragovernmental, non-short-term contracts when the reporting entity has the right to control access to and/or obtain benefits from the use of real property, equipment, or other asset. This standard will have minimal impact on SSA's financial reporting as our leases for real property are intragovernmental leases, which do not require the recognition of a lease liability or asset, and we do not explicitly lease equipment or other assets in our normal course of business. We have performed an evaluation of contracts and agreements with multiple components to determine if any contracts have lease and non-lease activity and have not identified any significant embedded lease components that would require reporting. We will continue to evaluate our contract activity to identify any potential embedded leases but will not report on any embedded leases as we have elected to utilize the three-year transitional accommodation provided to entities implementing SFFAS No. 54, *Leases* in SFFAS No. 62, *Transitional Amendment to SFFAS No. 54*.

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.

Presentation Change

Effective FY 2024, the Consolidated Balance Sheets presentation has been modified to comply with the required format in OMB's Circular No. A-136 and the FY 2024 U.S. Standard General Ledger Crosswalk. Note 9, Liabilities and Note 16, Reconciliation of Net Cost to Net Outlays presentations have been modified to reflect the changes. The FY 2023 balances have been presented in the new format for comparison purposes.

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 $8 and $9 million for the years ended September 30, 2024 and 2023 to CSRS. SSA contributed $992 and $941 million for the years ended September 30, 2024 and 2023 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 $249 and $235 million for the years ended September 30, 2024 and 2023 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) certain miscellaneous receipts that have been invested in OASI.

Chart 3a - Non-Entity Assets as of September 30:
(Dollars in Millions)

	2024		
	Non-Entity Assets	Intra-agency Elimination	Net Assets
Intragovernmental:			
Title VIII State Supp Fees	$ 3	$ 0	$ 3
With the Public:			
SSI Fed/State Accounts Receivable, Net	5,142	(825)	4,317
Total	$ 5,145	$ (825)	$ 4,320

	2023		
	Non-Entity Assets	Intra-agency Elimination	Net Assets
Intragovernmental:			
Title VIII State Supp Fees	$ 3	$ 0	$ 3
OASI Miscellaneous Receipts	86	0	86
Total Intragovernmental	89	0	89
With the Public:			
SSI Fed/State Accounts Receivable, Net	4,738	(549)	4,189
Total	$ 4,827	$ (549)	$ 4,278

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, 2024 and 2023.

Historically, we have deposited certain miscellaneous receipts into OASI. These receipts included refunds related to cancelled LAE appropriations and interest and penalties associated with LAE administrative debt. Since OASI is a funding source for our LAE account, we have always applied these collections to OASI. However, in researching this activity, we have determined that some of these collections belong to the General Fund of the Treasury. Therefore, we recorded an estimated liability to the General Fund in FY 2023 for these collections, including collections from prior years and for potential related interest earned on these collections while deposited in OASI, in case interest was due. In FY 2024, based on our research of prior collections, SSA moved $29 million to the General Fund for amounts collected and previously misapplied to OASI to date and removed the associated payable previously recorded from OASI to the General Fund as of September 30, 2024. We also removed $37 million in OASI payables as of September 30, 2024, as it was determined the related collections belonged in OASI and therefore were not transferred to the General Fund. In addition, this year, we changed our policy to record these miscellaneous receipts directly to the General Fund miscellaneous receipts account. As of September 30, 2024, Treasury's General Fund has fully captured these assets, removing them from SSA's records for FY 2024. In addition, through our research, we were unable to determine statutory authority to pay interest on these collections originally applied to OASI; therefore, we removed the $20 million in interest payable originally estimated from OASI as of September 30, 2024.

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)

	2024	2023
Non-Entity Assets	$ 4,320	$ 4,278
Entity Assets	2,796,490	2,852,078
Total Assets	$ 2,800,810	$ 2,856,356

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 (Prior Year Budget Authority, 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)

	2024	2023
Unobligated Balance		
Prior Year Budget Authority	$ 276	$ 0
Available	1,712	3,472
Unavailable	27	402
Obligated Balance Not Yet Disbursed	4,659	3,573
OASI, DI, and LAE	260	136
Non-Budgetary Fund Balance with Treasury	56	42
Total Status of Fund Balances	$ 6,990	$ 7,625

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 $363 and $86 million as of September 30, 2024 and 2023. 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, 2024 and 2023 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

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. The $55,449 million decrease in Total Investments from FY 2023 to FY 2024 is due to a reduction in OASI investment balances, as the program had to redeem additional investments during the fiscal year to cover outlays that exceeded receipts.

Chart 5 - Investments as of September 30:
(Dollars in Millions)

	2024			2023		
	Special Issue Securities	Interest Receivable	Total Investments	Special Issue Securities	Interest Receivable	Total Investments
OASI	$ 2,582,205	$ 15,492	$ 2,597,697	$ 2,673,749	$ 14,707	$ 2,688,456
DI	177,774	1,402	179,176	142,906	960	143,866
Total	$ 2,759,979	$ 16,894	$ 2,776,873	$ 2,816,655	$ 15,667	$ 2,832,322

The interest rates on these investments range from 0.750 to 4.625 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 2025 to the year 2039.

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 $1,709 and $1,955 million as of September 30, 2024 and 2023 primarily represents amounts to be paid from the HI/SMI Trust Funds to the LAE Appropriation. SSA reduced the gross accounts receivable by $2,957 and $3,129 million as of September 30, 2024 and 2023 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 $858 and $1,081 million as of September 30, 2024 and 2023 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, intragovernmental receivables are estimated to be 100 percent collectible 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 $28 and $36 million as of September 30, 2024 and 2023, 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.

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

	2024			2023		
	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
OASI	$ 4,262	$ (1,470)	$ 2,792	$ 3,501	$ (1,197)	$ 2,304
DI	6,351	(3,493)	2,858	5,989	(3,174)	2,815
SSI[1]	13,739	(8,597)	5,142	13,626	(8,888)	4,738
LAE	29	0	29	38	0	38
Subtotal	24,381	(13,560)	10,821	23,154	(13,259)	9,895
Less: Eliminations[2]	(829)	0	(829)	(553)	0	(553)
Total	$ 23,552	$ (13,560)	$ 9,992	$ 22,601	$ (13,259)	$ 9,342

Notes:

1. See discussion in Note 3, Non-Entity Assets
2. Intra-Agency Eliminations

Chart 6a shows that in FY 2024 and FY 2023, SSA reduced gross accounts receivable by $829 and $553 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 2024.

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 and 2073 System Limitation

A design limitation in SSA's Title II system, which is used to support debt management and the reporting of accounts receivable, prevents us from capturing and tracking long-term withholding agreements for debts owed by the public scheduled for collection beyond certain dates. 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 a certain date, we perform a manual action to establish withholdings through that date, causing the system to delete the remaining debts owed by the public balance from the record after that date. Until June 2024, this date was December 31, 2049, due to the system limitation. However, in June 2024, systematic updates were made allowing for an extension of this date to October 14, 2073. Therefore, new debts established after this systematic change will be limited by the 2073 date instead of the previous 2049 date. Current policy requires us to post a manual overpayment diary to control for follow-up of the remaining balances. However, because our records do not reflect the post 2049 and 2073 balances, subsequent correspondence to the debtor presents only the pre-2049 or pre-2073 balances 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 $793 and $761 million as of September 30, 2024 and 2023. We estimate that the total gross value of the post year 2073 amount not captured in our gross receivables, is approximately $9 million as of September 30, 2024.

7. Property, Plant, and Equipment, Net

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

Chart 7a - Property, Plant, and Equipment as of September 30:
(Dollars in Millions)

Major Classes:	2024 Cost	2024 Accumulated Depreciation	2024 Net Book Value	2023 Cost	2023 Accumulated Depreciation	2023 Net Book Value
Buildings and Other Structures	$ 47	$ (24)	$ 23	$ 47	$ (23)	$ 24
Equipment (incl. ADP Hardware)	1,909	(1,573)	336	1,803	(1,416)	387
Internal Use Software	11,580	(7,532)	4,048	10,662	(6,934)	3,728
Leasehold Improvements	1,842	(1,330)	512	1,769	(1,154)	615
Deferred Charges[1]	1,074	(829)	245	1,066	(824)	242
Total	$ 16,452	$ (11,288)	$ 5,164	$ 15,347	$ (10,351)	$ 4,996

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	5-10 years	Straight Line	$1 million
Deferred Charges[1]	12 years	Straight Line	$0-100 thousand

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

Chart 7b - Reconciliation of Property, Plant, and Equipment, Net as of September 30:
(Dollars in Millions)

	2024	2023
Balance beginning of year	$ 4,996	$ 4,830
Capitalized acquisitions	1,131	1,183
Depreciation expense	(963)	(1,017)
Balance at end of year	$ 5,164	$ 4,996

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 $82 and $116 million as of September 30, 2024 and 2023.

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)

	2024			
	Covered	Not Covered	Not Requiring	Total
Intragovernmental Liabilities:				
Accounts Payable	$ 5,672	$ 0	$ 0	$ 5,672
Other Liabilities	47	51	4,851	4,949
Total Intragovernmental Liabilities	5,719	51	4,851	10,621
Liabilities with the Public				
Accounts Payable	157	128	166	451
Federal Employee Salary, Leave, and Benefits Payable	150	425	0	575
Pension, Post-Employment, and Veterans Benefits Payable	0	263	0	263
Benefits Due and Payable	154,612	3,667	0	158,279
Advances from Others and Deferred Revenue	289	0	0	289
Other Liabilities	0	0	39	39
Total Liabilities with the Public	155,208	4,483	205	159,896
Total Liabilities	$ 160,927	$ 4,534	$ 5,056	$ 170,517

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

	2023			
	Covered	Not Covered	Not Requiring	Total
Intragovernmental Liabilities:				
Accounts Payable	$ 5,643	$ 0	$ 0	$ 5,643
Advances from Others and Deferred Revenue	1	0	0	1
Other Liabilities	40	48	4,589	4,677
Total Intragovernmental Liabilities	5,684	48	4,589	10,321
Liabilities with the Public				
Accounts Payable	97	66	172	335
Federal Employee Salary, Leave, and Benefits Payable	117	407	0	524
Pension, Post-Employment, and Veterans Benefits Payable	0	262	0	262
Benefits Due and Payable	142,385	3,135	0	145,520
Advances from Others and Deferred Revenue	10	0	0	10
Other Liabilities	0	0	19	19
Total Liabilities with the Public	142,609	3,870	191	146,670
Total Liabilities	$ 148,293	$ 3,918	$ 4,780	$ 156,991

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 $5,662 and $5,621 as of September 30, 2024 and 2023.

Other Liabilities

Intragovernmental Other Liabilities include amounts Covered by budgetary resources for 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 $51 and $48 million as of September 30, 2024 and 2023. 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, 2024 and 2023.

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

	2024	2023
Employer Contributions and Payroll Taxes Payable	$ 46	$ 38
Unemployment Compensation Liability	1	1
Unfunded FECA Liability	51	48
Liability to the General Fund for Non-Entity Assets	4,851	4,589
Other Liabilities w/o related budgetary obligations	0	1
Total Other Liabilities	$ 4,949	$ 4,677

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 Salary, Leave, and Benefits Payable

Federal Employee Salary, Leave, and Benefits Payable includes liabilities Covered and Not Covered by budgetary resources. Federal Employee Salary, Leave, and Benefits Payable Covered by budgetary resources is primarily comprised of accrued payroll. Federal Employee Salary, Leave, and Benefits Payable Not Covered by budgetary resources includes amounts for leave earned but not taken. Leave earned but not taken of $425 and $407 million as of September 30, 2024 and 2023 represents annual and compensatory leave earned by SSA employees but not used as of the reporting date.

Pension, Post-Employment, and Veterans Benefits Payable

Pension, Post-Employment, and Veterans Benefits Payable Not Covered by budgetary resources includes the non-current portion of FECA, which is an actuarial liability. The non-current FECA portion of $263 and $262 million as of September 30, 2024 and 2023 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, 2024 and 2023. 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. The increase in Total Benefits Due and Payable from FY 2023 to FY 2024 is primarily due to an increase in OASI beneficiaries, as well as the 3.2 percent Cost-of-Living Adjustment beneficiaries received in 2024.

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

	2024	2023
OASI	$ 119,137	$ 111,018
DI	33,075	29,841
SSI	6,896	5,214
Subtotal	159,108	146,073
Less: Intra-agency eliminations	(829)	(553)
Total Benefits Due and Payable	$ 158,279	$ 145,520

Chart 9d also shows that as of FY 2024 and FY 2023, SSA reduced gross Benefits Due and Payable by $829 and $553 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 consists of liabilities Not Requiring budgetary resources for 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, 2024 and 2023. Chart 9e displays a breakout of Other Liabilities with the Public as of September 30, 2024 and 2023.

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

	2024	2023
Other Liabilities w/o related budgetary obligations	$ 39	$ 19
Total Other Liabilities	$ 39	$ 19

Intragovernmental Leases

SSA has Occupancy Agreements (OA) with GSA for each space that we occupy. These real property OAs represent our only significant leasing arrangements. 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 OAs for Federal leased space and non-cancellable OAs for all other leased space with GSA and currently has 1,697 OAs for occupied real property. For non-cancellable OAs, SSA is financially responsible for rental payments on vacated space until the expiration of the OA or when 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 Non-Cancellable Real Property Operating Lease/Occupancy Agreement Commitments as of September 30:
(Dollars in Millions)

Fiscal Year[1]	GSA OAs
2025	$ 144
2026	122
2027	113
2028	95
2029	77
2030 and Thereafter (In total)	348
Total Future Lease Payments	$ 899

Note:

1. Lease terms expire for our OAs between 2024 and 2043.

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 putative class action lawsuit contests SSA's method of calculating benefits under the family maximum provision for auxiliary children of retired workers whose benefits are reduced because they elected to retire before attaining full retirement age. Due to the uncertainty regarding the Court's ruling on the agency's motion to dismiss, and in advance of pending direction from the Court regarding the membership of the putative class, the agency is unable to provide 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, 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, 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, 2024 and 2023. 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)

	2024					
	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 Assets:						
Fund Balance with Treasury	$ 110	$ 84	$ 15	$ 209	$ 0	$ 209
Investments	2,597,697	179,176	0	2,776,873	0	2,776,873
Accounts Receivable, Net	859	16	0	875	0	875
Total Intragovernmental Assets	2,598,666	179,276	15	2,777,957	0	2,777,957
Assets with the Public:						
Accounts Receivable, Net	2,792	2,858	0	5,650	(4)	5,646
Total Assets	$ 2,601,458	$ 182,134	$ 15	$ 2,783,607	$ (4)	$ 2,783,603
Liabilities and Net Position						
Intragovernmental Liabilities:						
Accounts Payable	$ 6,615	$ 681	$ 0	$ 7,296	$ 0	$ 7,296
Liabilities with the Public:						
Accounts Payable	0	4	0	4	0	4
Benefits Due and Payable	119,137	33,075	0	152,212	(4)	152,208
Total Liabilities with the Public	119,137	33,079	0	152,216	(4)	152,212
Total Liabilities	125,752	33,760	0	159,512	(4)	159,508
Cumulative Results of Operations	2,475,706	148,374	15	2,624,095	0	2,624,095
Total Liabilities and Net Position	$ 2,601,458	$ 182,134	$ 15	$ 2,783,607	$ (4)	$ 2,783,603
Statement of Net Cost						
Program Costs	$ 1,301,396	$ 156,914	$ 0	$ 1,458,310	$ 0	$ 1,458,310
Operating Expenses	685	306	0	991	0	991
Less Earned Revenue	(1)	(25)	(144)	(170)	0	(170)
Net Cost of Operations	$ 1,302,080	$ 157,195	$ (144)	$ 1,459,131	$ 0	$ 1,459,131
Statement of Changes in Net Position						
Net Position Beginning of Period	$ 2,574,206	$ 116,070	$ 21	$ 2,690,297	$ 0	$ 2,690,297
Non-Exchange Revenue						
Tax Revenue - Intragovernmental	1,096,939	186,287	0	1,283,226	0	1,283,226
Interest Revenue - Intragovernmental	63,684	4,963	0	68,647	0	68,647
Other - With the Public	(28)	0	0	(28)	0	(28)
Total Non-Exchange Revenue	1,160,595	191,250	0	1,351,845	0	1,351,845
Net Transfers In/Out	42,899	(1,751)	(53,899)	(12,751)	0	(12,751)
Other	86	0	53,749	53,835	0	53,835
Net Cost of Operations	1,302,080	157,195	(144)	1,459,131	0	1,459,131
Net Change	(98,500)	32,304	(6)	(66,202)	0	(66,202)
Net Position End of Period	$ 2,475,706	$ 148,374	$ 15	$ 2,624,095	$ 0	$ 2,624,095

The above Chart 10a for FY 2024 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $2,461 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2024 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)

	2023					
	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 Assets:						
Fund Balance with Treasury	$ 37	$ 11	$ 21	$ 69	$ 0	$ 69
Investments	2,688,456	143,866	0	2,832,322	0	2,832,322
Accounts Receivable, Net	1,083	1	0	1,084	0	1,084
Total Intragovernmental Assets	2,689,576	143,878	21	2,833,475	0	2,833,475
Assets with the Public:						
Accounts Receivable, Net	2,304	2,815	0	5,119	(4)	5,115
Total Assets	$ 2,691,880	$ 146,693	$ 21	$ 2,838,594	$ (4)	$ 2,838,590
Liabilities and Net Position						
Intragovernmental Liabilities:						
Accounts Payable	$ 6,569	$ 777	$ 0	$ 7,346	$ 0	$ 7,346
Other Liabilities	86	0	0	86	0	86
Total Intragovernmental Liabilities	6,655	777	0	7,432	0	7,432
Liabilities with the Public:						
Accounts Payable	1	5	0	6	0	6
Benefits Due and Payable	111,018	29,841	0	140,859	(4)	140,855
Total Liabilities with the Public	111,019	29,846	0	140,865	(4)	140,861
Total Liabilities	117,674	30,623	0	148,297	(4)	148,293
Cumulative Results of Operations	2,574,206	116,070	21	2,690,297	0	2,690,297
Total Liabilities and Net Position	$ 2,691,880	$ 146,693	$ 21	$ 2,838,594	$ (4)	$ 2,838,590
Statement of Net Cost						
Program Costs	$ 1,204,269	$ 155,148	$ 0	$ 1,359,417	$ 0	$ 1,359,417
Operating Expenses	674	336	0	1,010	0	1,010
Less Earned Revenue	(1)	(21)	(152)	(174)	0	(174)
Net Cost of Operations	$ 1,204,942	$ 155,463	$ (152)	$ 1,360,253	$ 0	$ 1,360,253
Statement of Changes in Net Position						
Net Position Beginning of Period	$ 2,636,348	$ 93,293	$ 9	$ 2,729,650	$ 0	$ 2,729,650
Non-Exchange Revenue						
Tax Revenue -Intragovernmental	1,039,005	176,465	0	1,215,470	0	1,215,470
Interest Revenue - Intragovernmental	62,745	3,512	0	66,257	0	66,257
Other - With the Public	2	0	0	2	0	2
Total Non-Exchange Revenue	1,101,752	179,977	0	1,281,729	0	1,281,729
Net Transfers In/Out	41,134	(1,737)	(50,926)	(11,529)	0	(11,529)
Other	(86)	0	50,786	50,700	0	50,700
Net Cost of Operations	1,204,942	155,463	(152)	1,360,253	0	1,360,253
Net Change	(62,142)	22,777	12	(39,353)	0	(39,353)
Net Position End of Period	$ 2,574,206	$ 116,070	$ 21	$ 2,690,297	$ 0	$ 2,690,297

Chart 10b for FY 2023 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $2,276 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2023 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. 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)

	2024				
	LAE		OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
	SSA	OIG			
OASI	$ 3,972	$ 56	$ 666	$ 19	$ 4,713
DI	2,832	40	112	194	3,178
SSI	5,009	0	0	245	5,254
Other	3,536	37	0	0	3,573
Total	$ 15,349	$ 133	$ 778	$ 458	$ 16,718

The LAE amounts listed in Chart 11a above include $719 million in Real Property Intragovernmental Lease expense.

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

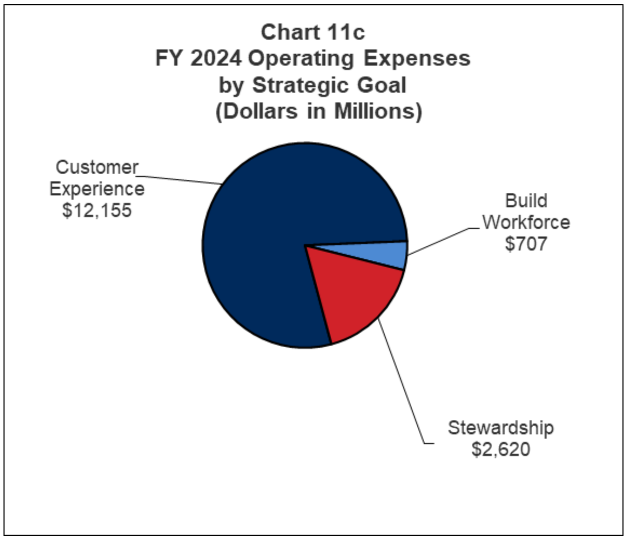
	2023				
	LAE		OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
	SSA	OIG			
OASI	$ 3,729	$ 54	$ 650	$ 24	$ 4,457
DI	2,585	38	112	224	2,959
SSI	4,769	0	0	246	5,015
Other	3,405	36	0	0	3,441
Total	$ 14,488	$ 128	$ 762	$ 494	$ 15,872

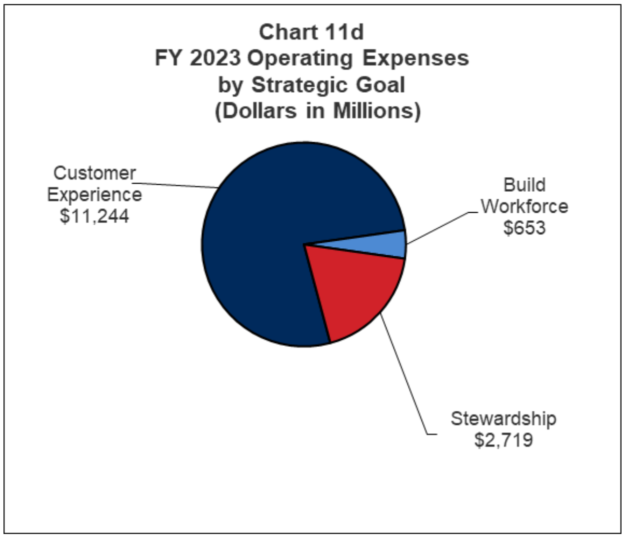
Classification of Operating Expenses by Strategic Goal

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).

Charts 11c and 11d exhibit the distribution of FY 2024 and FY 2023 SSA and OIG LAE operating expenses to the three APP Strategic Goals, which agree to the agency's LAE budget appropriation.





For Charts 11c and 11d, 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 SSI 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 $327 and $324 million for the years ended September 30, 2024 and 2023. SSA's exchange revenue primarily consists of fees collected to administer SSI State Supplementation. The fees charged to the States are $14.78 and $14.35, per payment, for the years ended September 30, 2024 and 2023. 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)

	2024	2023
SSI State Supplementation Fees	$ 217	$ 233
SSI Attorney Fees	8	6
DI Attorney Fees	25	21
OASI Attorney Fees	1	1
Other Exchange Revenue	76	63
Total Exchange Revenue	$ 327	$ 324

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 $81 and $87 million for the years ended September 30, 2024 and 2023. Of these amounts, $73 and $81 million were collected to administer SSI State Supplementation for the years ended September 30, 2024 and 2023. SSA maintains the remainder of the SSI administrative fees, which meet the criteria of a fund from dedicated collections, in the amounts of $144 and $152 million for the years ended September 30, 2024 and 2023, 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 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. The $67,756 million increase from FY 2023 to FY 2024 is due to an increase in OASDI employment tax collections in FY 2024, as estimates and the related collections continue to increase in both programs.

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

	2024	2023
OASI	$ 1,096,939	$ 1,039,005
DI	186,287	176,465
Total Tax Revenue	$ 1,283,226	$ 1,215,470

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 and Treasury that require imputed costs and financing sources to be recognized, as well as activity with the Department of Homeland Security (DHS) that was recognized in FY 2023. 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 $1,895 and $1,722 million for the years ended September 30, 2024 and 2023, 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 most 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. SSA recognized such activity in FY 2023 but is no longer recording it in FY 2024 as it is not required and insignificant.

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

Chart 14 - Imputed Financing Sources as of September 30:
(Dollars in Millions)

	2024	2023
Employee Benefits (OPM)		
CSRS	$ 47	$ 47
FERS	284	147
FEHBP	564	578
FEGLI	1	1
Total Employee Benefits	896	773
SSI Benefit Payments (Treasury)	17	17
Judgment Fund (Treasury)	1	1
CDM Program (DHS)	0	3
Total Imputed Financing Sources	$ 914	$ 794

15. Budgetary Resources

Reconciliation of Unobligated Balance from Prior Year Budget Authority, Net

SSA conducted a reconciliation of prior year's unobligated balance, end of year for the year ended September 30, 2023, to the current year's unobligated balance from prior year budget authority, net for the year ended September 30, 2024. The adjustments shown in the following chart include recoveries, cancelled authority, and CAS percentage adjustments. Recoveries represent downward adjustments to prior year obligations that result in increased unobligated balances from prior year budget authority. Any expired authority remaining at the end of an appropriation's budget life (6 years) becomes cancelled and is returned to any funding sources that originally provided the authority. Each year SSA's Office of Budget determines the obligations for the Trust Funds in relation to LAE's New Budget Authority. In the following year, the CAS percentages are used to determine if the obligations established using the New Budget Authority were under or overstated and adjustments are made accordingly.

Chart 15a presents a reconciliation of prior year's unobligated balance, end of year for the year ended September 30, 2023, to the current year's unobligated balance from prior year budget authority, net for the year ended September 30, 2024.

Chart 15a - Reconciliation of Unobligated Balance from Prior Year Budget Authority, Net as of September 30:
(Dollars in Millions)

	2024
PY Unobligated balance, end of year	$ 4,854
Recoveries	907
Cancelled Authority	(19)
CAS % Adjustments	(269)
CY Unobligated balance from PY budget authority, net	$ 5,473

Appropriations Received

The Combined Statements of Budgetary Resources discloses Appropriations Received of $1,587,313 and $1,487,756 million for the years ended September 30, 2024 and 2023. Appropriations Received on the Consolidated Statements of Changes in Net Position are $114,966 and $115,048 million for the same years. The differences of $1,472,347 and $1,372,708 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 Trust Fund, DI Trust Fund, 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 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 15b 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 15b - OASI and DI Trust Fund Activities as of September 30:
(Dollars in Millions)

	2024			2023		
	OASI	DI	Total	OASI	DI	Total
Receipts	$1,212,948	$191,459	$1,404,407	$1,152,231	$ 180,750	$1,332,981
Less: Obligations	1,312,592	159,933	1,472,525	1,214,722	158,210	1,372,932
Excess of Receipts Over Obligations	$ (99,644)	$ 31,526	$ (68,118)	$ (62,491)	$ 22,540	$ (39,951)

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 $2,475,706 and $148,374 million for the year ended September 30, 2024, compared to $2,574,206 and $116,070 million for the year ended September 30, 2023.

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 15c provides the undelivered orders amount by Federal, non-Federal, paid, and unpaid.

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

	2024			2023		
	Federal	Non-Federal	Total	Federal	Non-Federal	Total
Unpaid Undelivered Orders	$ 674	$ 2,089	$ 2,763	$ 696	$ 2,238	$ 2,934
Paid Undelivered Orders	82	0	82	116	0	116
Total Undelivered Orders	$ 756	$ 2,089	$ 2,845	$ 812	$ 2,238	$ 3,050

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, 2023. All differences shown in the following chart 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 15d 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, 2023.

Chart 15d - Explanation of Differences Between Combined Statement of Budgetary Resources and the Budget of the U.S. Government for FY 2023:
(Dollars in Millions)

	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$1,511,696	$ 1,506,842	$ 53,751	$1,416,328
Expired activity not in President's Budget	(600)	0	0	0
Offsetting Receipts activity not in President's Budget	0	0	0	53,751
Other	(1)	0	(1)	(2)
Budget of the U.S. Government	$1,511,095	$ 1,506,842	$ 53,750	$1,470,077

A reconciliation has not been conducted for the year ended September 30, 2024 since the actual budget data for FY 2024 will not be available until the President's Budget is published. Once available, the actual budget data will be located on OMB's website (unaudited).

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, 2024 and 2023
(Dollars in Millions)

	2024			2023		
	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total
Net Cost	$ 5,372	$ 1,525,211	$ 1,530,583	$ 5,079	$ 1,428,260	$ 1,433,339
Components of Net Cost That Are Not Part of Net Outlays:						
Property, plant, and equipment depreciation	0	(963)	(963)	0	(1,017)	(1,017)
Increase/(decrease) in assets:						
Accounts receivable	(15)	925	910	11	693	704
Other assets	(34)	0	(34)	(2)	0	(2)
(Increase)/decrease in liabilities:						
Accounts payable	12	(115)	(103)	1	(68)	(67)
Benefits Due and Payable	0	(13,036)	(13,036)	0	(19,352)	(19,352)
Federal Employee Salary, Leave, and Benefits Payable	0	(51)	(51)	0	(14)	(14)
Pension, Post-Employment, and Veterans Benefits Payable	0	(1)	(1)	0	6	6
Other liabilities	(358)	(278)	(636)	(518)	3	(515)
Financing sources						
Imputed Costs	(914)	0	(914)	(794)	0	(794)
Total Components of Net Cost That Are Not Part of Net Outlays	$ (1,309)	$ (13,519)	$ (14,828)	$ (1,302)	$ (19,749)	$ (21,051)
Components of Net Outlays That Are Not Part of Net Cost:						
Acquisition of capital assets	0	1,131	1,131	0	1,183	1,183
Financing Sources						
Transfers out(in) without reimbursement	12	0	12	(171)	0	(171)
Expenditure Transfers Collected/Disbursed	2,532	0	2,532	2,551	0	2,551
Total Components of Net Outlays That Are Not Part of Net Cost	$ 2,544	$ 1,131	$ 3,675	$ 2,380	$ 1,183	$ 3,563
Miscellaneous Items						
Custodial/Non-Exchange Revenue	(74)	(53)	(127)	(34)	(90)	(124)
Non-Entity Activity	430	0	430	601	0	601
Total Other Reconciling Items	356	(53)	303	567	(90)	477
Net Outlays	$ 6,963	$ 1,512,770	$ 1,519,733	$ 6,724	$ 1,409,604	$ 1,416,328

The $13,036 million increase in Benefits Due and Payable for the year ended September 30, 2024, 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 2024 to FY 2023 is due primarily to a 3.2 percent Cost of Living Adjustment beneficiaries received in 2024 and an increase in the number of OASI beneficiaries during FY 2024. The $2,532 million in Expenditure Transfers Collected for the year ended September 30, 2024, is primarily related to disbursements from OASDI 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 2023, the $19,352 million increase in Benefits Due and Payable for the year ended September 30, 2023, 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 is due primarily to an 8.7 percent Cost of Living Adjustment beneficiaries received in 2023 and an increase in the number of OASI beneficiaries during FY 2023. The $2,551 million in Expenditure Transfers Disbursed for the year ended September 30, 2023, is primarily related to disbursements from OASDI 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 2024 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2024 Trustees Report) for the 75-year projection period beginning January 1, 2024. 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, 2024 totaled $2,788 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 (2024) 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 2024

	TFR[1]	Age-Sex-Adjusted Death Rate[2] (per 100,000)	Period Life Expectancy At Birth[3]		Net Annual Immigration (persons per year)[4]	Annual Percentage Change In:					Average Annual Interest Rate[9]
			Male	Female		Average Annual Wage in Covered Employment (nominal)[5]	Average Annual Wage in Covered Employment (real)[5]	CPI[6]	Total Employment[7]	Real GDP[8]	
2024	1.67	784.1	76.4	81.3	1,809,000	3.78	0.99	2.76	0.5	1.7	4.6%
2030	1.83	735.3	77.2	82.0	1,349,000	4.33	1.89	2.40	0.4	2.0	4.0%
2040	1.90	676.9	78.3	83.0	1,293,000	3.64	1.21	2.40	0.3	1.9	4.7%
2050	1.90	624.6	79.3	83.8	1,260,000	3.51	1.09	2.40	0.4	1.9	4.7%
2060	1.90	578.2	80.3	84.6	1,244,000	3.57	1.14	2.40	0.3	1.9	4.7%
2070	1.90	537.2	81.3	85.4	1,230,000	3.57	1.14	2.40	0.2	1.8	4.7%
2080	1.90	500.6	82.1	86.1	1,221,000	3.55	1.13	2.40	0.3	1.9	4.7%
2090	1.90	468.1	83.0	86.8	1,216,000	3.56	1.13	2.40	0.4	2.0	4.7%
2100[10]	1.90	438.9	83.7	87.4	1,214,000	3.54	1.12	2.40	0.3	1.9	4.7%

Notes:

1. The total fertility rate (TFR) 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 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. The nominal percentage change values reflect the dollar levels of wages and salaries projected for each year in that year's dollars; the real percentage change values do not include the effect of price inflation (Consumer Price Index (CPI)). The nominal percentage change in the average annual wage in covered employment is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
6. The CPI is the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
7. Total employment is the sum of average weekly U.S. civilian employment and U.S. Armed Forces. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
8. Real GDP is the value of the total output of goods and services in 2017 dollars. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
9. 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 reserve 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.
10. The valuation period used for the 2024 Statement of Social Insurance extends to 2098.

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	TFR[1]	Average Annual Percentage Reduction in the Age-Sex-Adjusted Death Rates[2]	Average Annual Net Immigration (persons per year)[3]	Real Wage Growth[4]	Average Annual Percentage Change In: Average Annual Wage in Covered Employment (nominal)[5]	CPI[6]	Total Employment[7]	Average Annual Real Interest Rate[8]
FY 2024	1.90	0.73	1,244,000	1.14	3.56	2.40	0.3	2.3
FY 2023	1.99	0.74	1,245,000	1.14	3.56	2.40	0.4	2.3
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

Notes:

1. The TFR 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 2024 Statement, as in the 2020 Statement, the value presented is the ultimate TFR. For the 2021 through 2023 Statements, the value presented is the average annual TFR 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 2021, the value presented is the average annual percentage reduction for the entire 75-year projection period. For the 2021 through 2024 Statements, the value presented 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 2021, the value presented is the average net immigration level for the entire 75-year projection period. For the 2021 through 2024 Statements, the value presented is the average net immigration level for the last 65 years of the 75-year projection period.
4. For the Statements prior to 2023, the value presented is the average annual real wage differential (in percentage points) for the last 65 years of the 75-year projection period; the annual real wage differential is the annual percentage change in the average annual wage in covered employment less the annual percentage change in CPI. For the 2023 and 2024 Statements, the value presented is the average annual real (i.e., inflation adjusted) percentage change in the average annual wage in covered employment for the last 65 years of the 75-year projection period; 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.
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 for the last 65 years of the 75-year projection period.
6. The CPI is the CPI-W. The value presented is the ultimate assumption, which is reached within the first 10 years of the projection period.
7. Total employment is the sum of average weekly U.S. civilian employment and U.S. Armed Forces. 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 2023, the value presented is the average annual percentage change for the entire 75-year projection period. For the 2023 and 2024 Statements, the value presented is the average annual percentage change for the last 65 years of the 75-year projection period.
8. The average annual real interest rate reflects the expected annual real yield for each year on securities issuable in the prior year. The value presented is the ultimate assumption, which is reached within the first 20 years of the projection period.

These assumptions and the other values on which Chart 17b is based reflect the intermediate assumptions of the 2020–2024 Trustees Reports. The values shown in the FY 2024 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. Due to continuing uncertainty about the lasting effects of the COVID-19 pandemic, the individual long-range ultimate assumptions do not reflect any significant 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, 2023 to the period beginning on January 1, 2024; and (2) change from the period beginning on January 1, 2022 to the period beginning on January 1, 2023. 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, 2023 to the period beginning on January 1, 2024

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2023–2097) to the current valuation period (2024–2098) 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 2023, replaces it with a much larger negative estimated net cash flow for 2098, and measures the present values as of January 1, 2024, 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 2023–2097 to 2024–2098. 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 2023 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 $0.8 trillion.

From the period beginning on January 1, 2022 to the period beginning on January 1, 2023

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2022–2096) to the current valuation period (2023–2097) 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 2022, replaces it with a much larger negative estimated net cash flow for 2097, and measures the present values as of January 1, 2023, 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 2022–2096 to 2023–2097. 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 2022 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, 2023 to the period beginning on January 1, 2024

For the current valuation (beginning on January 1, 2024), there was one change to the ultimate demographic assumptions.

- The ultimate total fertility rate (TFR) was lowered from 2.0 children per woman to 1.9 children per woman, and at the same time, the year the ultimate TFR is reached was changed from 2056 to 2040.

This change to the TFR assumption decreased the present value of estimated future net cash flows. In addition to this change to the ultimate demographic assumptions, the starting demographic values and the way these values transition to the ultimate assumptions were changed. The most significant changes are identified below.

- Final birth rate data for calendar year 2022 and preliminary data for 2023 indicated slightly lower birth rates than were assumed in the prior valuation, leading to slightly lower assumed birth rates during the period of transition to the ultimate level.
- Updates to near-term mortality assumptions to better reflect the effects of the COVID-19 pandemic led to an increase in death rates through 2024 compared to the prior valuation.
- Mortality data, historical population data, other-than-lawful permanent resident (LPR) immigration data, and divorce data were updated since the prior valuation.

The revised birth rate data and transition assumptions, along with the updates to mortality data, historical population data, other-than-LPR immigration data, and divorce data, decreased the present value of the estimated future net cash flows. The increase in assumed near-term mortality assumptions increased the present value of the estimated future net cash flows.

There was one notable change in demographic methodology. The method for projecting fertility rates during the transition period to the ultimate rate was modified to produce more reasonable paths to the ultimate assumed rates by age group than had been previously used. 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 $1.2 trillion.

From the period beginning on January 1, 2022 to the period beginning on January 1, 2023

The ultimate demographic assumptions for the current valuation (beginning on January 1, 2023) 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.

- Projected birth rates through 2055, during the period of transition to the ultimate level, were slightly lower than in the prior valuation.
- Updates to near-term mortality assumptions to better reflect the effects of the COVID-19 pandemic led to an increase in death rates through 2024 compared to the prior valuation.
- Historical population data, other-than-LPR immigration data, and marriage and divorce data were updated since the prior valuation.

The revised birth rate assumptions and the updates to historical population, other-than-LPR immigration, and marriage and divorce data decreased the present value of the estimated future net cash flows. The increase in assumed near-term death rates increased the present value of the estimated future net cash flows.

There was one notable change in demographic methodology. The method for projecting the age distributions of LPR new arrival and adjustment-of-status immigrants was updated reflecting recent data showing a slightly older population at the time of attaining LPR status than had previously been estimated. 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 $0.1 trillion.

Changes in Economic Data, Assumptions, and Methods

From the period beginning on January 1, 2023 to the period beginning on January 1, 2024

The ultimate economic assumptions for the current valuation (beginning on January 1, 2024) 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.

- An update to educational attainment data caused a change in labor force participation rates at ages 55 and older for men and 50 and older for women.
- Historical OASDI covered employment for 2021 was higher than assumed under the prior valuation. Specifically, covered employment for 2021 was significantly higher than previously estimated at the youngest and oldest working ages, and lower for men at early prime working ages.
- Economic growth through 2023 was higher than assumed under the prior valuation, which led to a higher assumed level of labor productivity over the projection period.

All three of these changes increased the present value of the estimated future net cash flows. Overall, changes to economic data, assumptions, and methods caused the present value of the estimated future net cash flows to increase by $0.4 trillion.

From the period beginning on January 1, 2022 to the period beginning on January 1, 2023

For the current valuation (beginning on January 1, 2023), there was one change to the ultimate economic assumptions.

- The annual percentage change in the average OASDI covered wage, adjusted for inflation, is assumed to average 1.14 percentage points over the last 65 years of the 75-year projection period. This is 0.02 percentage point higher than the value assumed for the prior valuation.

This change to the wage growth assumption increased the present value of estimated future net cash flows. In addition to this change to the ultimate economic assumptions, the starting economic values and the way these values transition to the ultimate assumptions were changed. The most significant changes are identified below.

- The levels of GDP and labor productivity are assumed to be about 3.0 percent lower by 2026 and for all years thereafter relative to the prior valuation.
- The assumed real interest rates over the first 10 years of the projection period are generally higher than those assumed for the prior valuation.

The changes to the GDP and productivity levels decreased the present value of the estimated future net cash flows, while the change to near-term real interest rates increased the present value of the estimated future net cash flows.

There was one notable change in economic methodology. The method for estimating the level of OASDI taxable wages for historical years 2000-21 was improved by adopting a more consistent approach for estimating completed values across various types of wages. This change increased the present value of the estimated future net cash flows.

Overall, changes to economic data, assumptions, and methods caused the present value of the estimated future net cash flows to decrease by $0.8 trillion.

Changes in Programmatic Data and Methods

From the period beginning on January 1, 2023 to the period beginning on January 1, 2024

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2024). The most significant are identified below.

- The ultimate disability incidence rate was lowered from 4.8 per thousand exposed to 4.5 per thousand exposed.
- The long-range model used to project the number of insured workers was modified to improve the alignment of simulated fully insured rates with historical fully insured rates.
- Recent data and estimates provided by the Office of Tax Analysis at the Department of the Treasury indicate higher near-term and ultimate levels of revenue from income taxation of OASDI benefits than projected in the prior valuation.
- 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. Updates were made to data and the methodology for projecting average benefit levels for women was improved.
- 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.

The reduction in the ultimate disability incidence rate, the increase in revenue from income taxation of OASDI benefits, the modified insured simulation model, and the updates to the average benefits model 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 $1.4 trillion.

From the period beginning on January 1, 2022 to the period beginning on January 1, 2023

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2023). The most significant are identified below.

- Actual disability data for 2022 and slightly lower near-term disability incidence rate 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 2019, one year later than the 2018 sample used for 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.

Incorporating the new disability data and near-term disability incidence assumptions increased the present value of estimated cash flows, while the updated sample year and 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 decrease by $0.3 trillion.

Changes in Law or Policy

From the period beginning on January 1, 2023 to the period beginning on January 1, 2024

Between the prior valuation (the period beginning on January 1, 2023) and the current valuation (the period beginning on January 1, 2024), 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, 2022 to the period beginning on January 1, 2023

Between the prior valuation (the period beginning on January 1, 2022) and the current valuation (the period beginning on January 1, 2023), no notable changes in law or policy are expected to have a significant effect on the long-range cost of the OASDI program.

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, 2023 and Ending January 1, 2024

Present values as of January 1, 2023 are calculated using interest rates from the intermediate assumptions of the 2023 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2024. 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 2023 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 2024 Trustees Report.

Period Beginning on January 1, 2022 and Ending January 1, 2023

Present values as of January 1, 2022 are calculated using interest rates from the intermediate assumptions of the 2022 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2023. 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 2022 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 2023 Trustees Report.

18. Subsequent Events

Potential Impact on the Social Insurance Statements of the June 22, 2024 Regulatory Change to the Consideration of Past Relevant Work

On April 18, 2024, SSA published a final rule in the Federal Register titled “Intermediate Improvement to the Disability Adjudication Process, Including How We Consider Past Work.” This regulatory change became effective on June 22, 2024, revising the time period that SSA considers when determining whether an individual’s past work is relevant for the purposes of making disability determinations and decisions. In particular, SSA revised the definition of past relevant work (PRW) by reducing the relevant work period from 15 to 5 years and will no longer consider past work that started and stopped in fewer than 30 calendar days to be PRW. The SSA

Office of the Chief Actuary has concluded that this regulatory change has an effect on the actuarial methods and assumptions used in developing the estimates presented in the Statements of Social Insurance and the Statements of Changes in Social Insurance Amounts. We estimate that the regulatory change will affect the present value of future noninterest income and future cost for current and future participants (open group measure) presented in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts, decreasing the present value of future noninterest income by about $1 billion and increasing the present value of future cost by about $112 billion. We do not consider these effects to be material.

19. Reclassification of the Statement of Net Cost and Statement of Changes in Net Position 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, 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. This note includes the Statement of Net Cost and Statement of Changes in Net Position 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 2023 FR is available on Treasury's website (unaudited) and a copy of the FY 2024 FR will be posted to this site as soon as it is released.

SSA's FY 2024 reconciliation of agency Statement of Net Cost and Statement of Changes in Net Position amounts to Treasury's reclassified statements are included in Charts 19a and 19b. The Reclassified Net Position in Chart 19b includes intradepartmental eliminations processed by Treasury to present the Net Position at a consolidated level. The Net Position is presented at a combined level in Agency Financial Reports.

Chart 19a - Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ended September 30, 2024 (Dollars in Millions)

FY 2024 Statement of Net Cost		Line Items Used to Prepare FY 2024 Government-wide Statement of Net Cost			
Financial Statement Line	**Amount**	**Dedicated Collections**	**Other than Dedicated Collections**	**Total**	**Reclassified Financial Statement Line**
Benefit Payment Expense	**$ 1,514,192**				
Operating Expenses (Note 11)	**16,718**				
		$ 1,458,522	**$ 66,970**	**$ 1,525,492**	Non-Federal Costs
					Intragovernmental Costs
		0	**1,617**	**1,617**	Benefit Program Costs
		0	**914**	**914**	Imputed Costs
		779	**1,685**	**2,464**	Buy/Sell Costs
		0	**423**	**423**	Other Expenses (without Reciprocals)
		779	**4,639**	**5,418**	Total Intragovernmental Costs
Total Cost	**1,530,910**	**1,459,301**	**71,609**	**1,530,910**	Total Reclassified Gross Costs
		(170)	**(110)**	**(280)**	Non-Federal Earned Revenue
		0	**(47)**	**(47)**	Buy/Sell Revenue
Less: Exchange Revenues (Note 12)	**(327)**	**(170)**	**(157)**	**(327)**	Total Reclassified Earned Revenue
Total Net Cost	**$ 1,530,583**	**$ 1,459,131**	**$ 71,452**	**$ 1,530,583**	**Net Cost**

Note:

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

Chart 19b - Reclassification of Statement of Changes in Net Position to Line Items Used for the Government-wide Statement of Changes in Net Position for the Year Ended September 30, 2024 (Dollars in Millions)

FY 2024 Statement of Changes in Net Position		Line Items Used to Prepare FY 2024 Government-wide Statement of Changes in Net Position					
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
Unexpended Appropriations:							**Unexpended Appropriations:**
Beginning Balances	**$ 4,012**	**$ 0**	**$ 0**	**$ 4,012**	**$ 0**	**$ 4,012**	Net Position, Beginning of Period - Adjusted
							Financing Sources
Appropriations Received	**114,966**	**53,749**		**61,217**		**114,966**	Appropriations Received as Adjusted (Recissions and Other Adjustments)
Other Adjustments	**(9)**	**-**		**(9)**		**(9)**	Appropriations Received as Adjusted (Recissions and Other Adjustments)
Appropriations Used	**(117,104)**	**(53,749)**		**(63,355)**		**(117,104)**	Appropriations Used
Net Change in Unexpended Appropriations	**(2,147)**	**0**	**0**	**(2,147)**	**0**	**(2,147)**	**Total Financing Sources**
Total Unexpended Appropriations - Ending	**1,865**	**0**	**0**	**1,865**	**0**	**1,865**	**Total Unexpended Appropriations - Ending**
Cumulative Results of Operations:							**Cumulative Results:**
Beginning Balances	**$ 2,695,353**	**$ 2,690,297**	**$ 0**	**$ 5,056**	**$ 0**	**$ 2,695,353**	Net Position, Beginning of Period - Adjusted
							Financing Sources
Appropriations Used	**117,104**	**53,749**		**63,355**		**117,104**	Appropriations Expended
Non-Exchange Revenue							**Federal Non-Exchange Revenue**
Tax Revenues (Note 13)	**1,283,226**	**1,283,226**				**1,283,226**	Other Taxes and Receipts
Interest Revenues	**68,647**	**68,647**				**68,647**	Federal Securities Interest Revenue Including Associated Gains and Losses (Non-Exchange)
							Non-Federal Non-Exchange Revenue
Other	**(28)**	**(28)**				**(28)**	Other Taxes and Receipts
Total Non-Exchange Revenue	**1,351,845**	**1,351,845**	**0**	**0**	**0**	**1,351,845**	**Total Non-Exchange Revenue**
Transfers-In/Out - Without Reimbursement	**(2,817)**						**Transfers-In and Out Without Reimbursement**
				150	**(150)**	**0**	Appropriation of Unavailable Special or Trust Fund Receipt Transfers-In
		(150)			**150**	**0**	Appropriation of Unavailable Special or Trust Fund Receipts Transfers-Out
		1,459,052	**(1,459,052)**			**0**	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		(1,459,052)	**1,459,052**			**0**	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
		53,787	**(53,749)**	**9,796**	**(6,456)**	**3,378**	Expenditure Transfers-In of Financing Sources
		(66,165)	**53,749**	**(12)**	**6,456**	**(5,972)**	Expenditure Transfers-Out of Financing Sources
				(2)		**(2)**	Transfers-In Without Reimbursement
		(223)	**0**	**2**	**0**	**(221)**	Transfers-Out Without Reimbursement
Total Transfers-In/Out –Without Reimbursement	**(2,817)**	**(12,751)**	**0**	**9,934**	**0**	**(2,817)**	**Total Reclassified Transfers In/Out - Without Reimbursement**
Imputed Financing (Note 14)	**914**			**914**		**914**	Imputed Financing Sources
Other	**(3,388)**						**Non-Entity Financing Sources**
				(3,156)		**(3,156)**	Non-entity collections transferred to the General Fund of the U.S. Government
		86		**(348)**		**(262)**	Accrual for non-entity amounts to be collected/transferred to the General Fund of the U.S. Government
							Non-Federal Non-Exchange Revenue
				30		**30**	Other Taxes and Receipts
Total Other	**(3,388)**	**86**	0	**(3,474)**	**0**	**(3,388)**	**Total Reclassified Non-Entity Financing Sources and Non-Federal Non-Exchange Revenue**
Net Cost of Operations	**1,530,583**	**1,459,131**	**0**	**71,452**	**0**	**1,530,583**	**Net Cost of Operations**
Net Change in Cumulative Results of Operations	**(66,925)**	**(66,202)**	**0**	**(723)**	**0**	**(66,925)**	**Net Change**
Cumulative Results of Operations - Ending	**$ 2,628,428**	**$ 2,624,095**	**$ 0**	**$ 4,333**	**$ 0**	**$ 2,628,428**	**Reclassified Cumulative Results of Operations - Ending**
Net Position	**$ 2,630,293**	**$ 2,624,095**	**$ 0**	**$ 6,198**	**$ 0**	**$ 2,630,293**	**Total Reclassified Net Position**

20. Incidental Custodial Collections

SSA's custodial collections primarily consists of refunds related to cancelled LAE appropriations and interest and penalties associated with LAE administrative debt. Historically, we have deposited these receipts into OASI; however, in researching this activity, we have determined that these collections belong to the General Fund of the Treasury. In FY 2024, SSA moved $29 million to the General Fund for all miscellaneous receipts amounts collected and previously recorded in OASI as of September 30, 2024. While these collections are considered custodial, they are not primary to the mission of SSA or material to the overall financial statements. SSA's total custodial revenues are $30 and less than $1 million for the years ended September 30, 2024 and 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information: Combining Schedule of Budgetary Resources for the Year Ended September 30, 2024

(Dollars in Millions)

	OASI	DI	SSI	Other	LAE	Combined
Budgetary Resources (Note 15)						
Unobligated balance from prior year budget authority, net	$ 322	$ 7	$ 3,800	$ 56	$ 1,288	$ 5,473
Appropriations (discretionary and mandatory)	1,312,270	159,926	61,315	53,770	32	1,587,313
Spending authority from offsetting collections (discretionary and mandatory)	0	0	3,357	0	14,393	17,750
Total Budgetary Resources	$ 1,312,592	$ 159,933	$ 68,472	$ 53,826	$ 15,713	$ 1,610,536
Status of Budgetary Resources						
New obligations and upward adjustments						
Direct	$ 1,312,592	$ 159,933	$ 63,708	$ 53,769	$ 14,777	$ 1,604,779
Reimbursable	0	0	3,082	0	93	3,175
New obligations and upward adjustments (total)	1,312,592	159,933	66,790	53,769	14,870	1,607,954
Unobligated Balance, End of Year						
Apportioned, unexpired accounts	0	0	1,681	31	422	2,134
Unapportioned, unexpired accounts	0	0	0	0	6	6
Unexpired unobligated balance, end of year	0	0	1,681	31	428	2,140
Expired unobligated balance, end of year	0	0	1	26	415	442
Unobligated balance, end of year (total)	0	0	1,682	57	843	2,582
Total Budgetary Resources	$ 1,312,592	$ 159,933	$ 68,472	$ 53,826	$ 15,713	$ 1,610,536
Outlays, Net						
Outlays, net (discretionary and mandatory)	$ 1,304,381	$ 156,511	$ 62,081	$ 53,768	$ 54	$ 1,576,795
Distributed offsetting receipts	(53,119)	(644)	(225)	(3,074)	0	(57,062)
Agency Outlays, Net (Discretionary and Mandatory)	$ 1,251,262	$ 155,867	$ 61,856	$ 50,694	$ 54	$ 1,519,733

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 2023, the Social Security Administration paid OASDI benefits to about 67 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 $151 billion as of September 30, 2024 ($140 billion as of September 30, 2023). We paid virtually all of this amount in October 2024. Also, the "investments in Treasury securities" recognizes an asset of $2,760 billion as of September 30, 2024 ($2,817 billion as of September 30, 2023). These investments are the combined Old-Age and Survivors Insurance (OASI) and Disability Insurance (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, 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, 2024 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 2024 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2024 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.

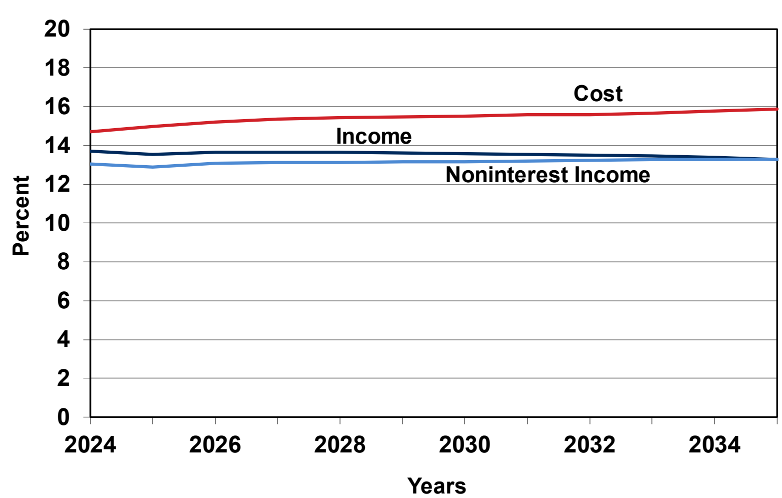
Sustainable Solvency - Based on the estimates of income and cost presented in the Statements of Social Insurance, the OASDI program does not meet the criteria for sustainable solvency. To meet the criteria for sustainable solvency, the program must be able to pay all scheduled benefits in full on a timely 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.

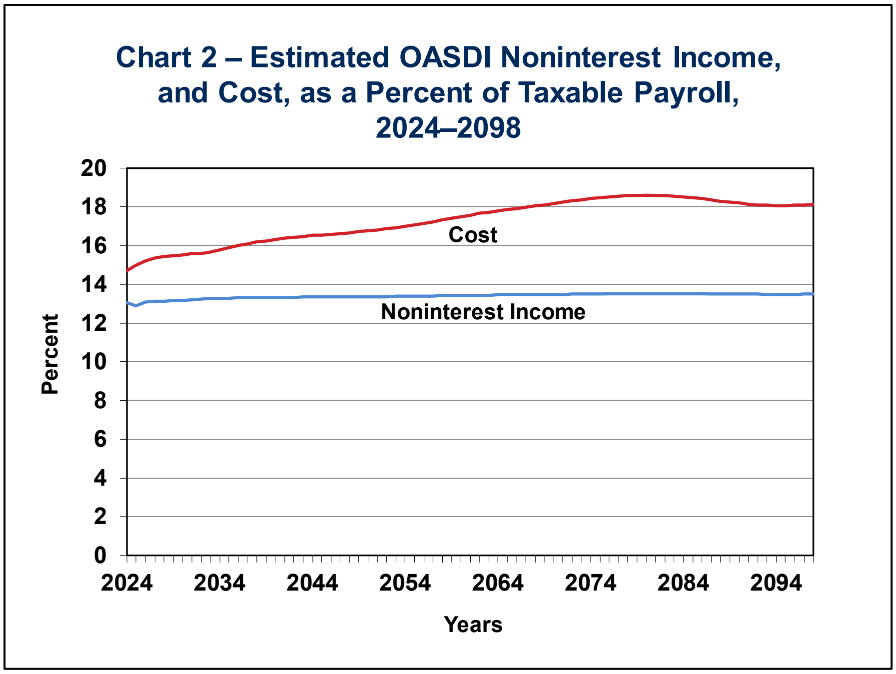
Cash Flow Projections - OASDI noninterest income and cost are estimated for each year from 2024 through 2098. Charts 1 through 4 show annual cash flow projections for the OASDI program. However, income including interest is only estimated through 2035, the year that the reserves in the combined OASI and DI Trust Funds are projected to become depleted. After the point of reserve 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 reserve 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 2098 expressed as percentages of taxable payroll.

Chart 1 – Estimated OASDI Income, Noninterest Income, and Cost, as a Percent of Taxable Payroll, 2024–2035





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 2024 through 2035. As Chart 2 shows, estimated cost, expressed as a percentage of taxable payroll, rises through about 2040, then continues to rise more gradually through 2080, decreases in 2081 through 2095, and then increases slightly through 2098 (the last year of the 75-year projection period). The estimated income at the end of the 75-year period is sufficient to cover 73 percent of the estimated cost.

The increase in estimated cost through 2080 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 2080 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 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 -$25,406 billion. If augmented by the combined OASI and DI Trust Fund reserves at the start of the period (January 1, 2024), it is -$22,618 billion. This excess does not correspond to the actuarial balance in the 2024 Trustees Report of -3.50 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 3.33 percentage points (from its current level of 12.40 percent to 15.73 percent). One interpretation of the actuarial balance is that its magnitude, 3.50 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 21 percent applied to all current and future beneficiaries, or about 25 percent if the reductions were applied only to newly entitled beneficiaries. Finally, some combination of 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 2098 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, 2024–2035

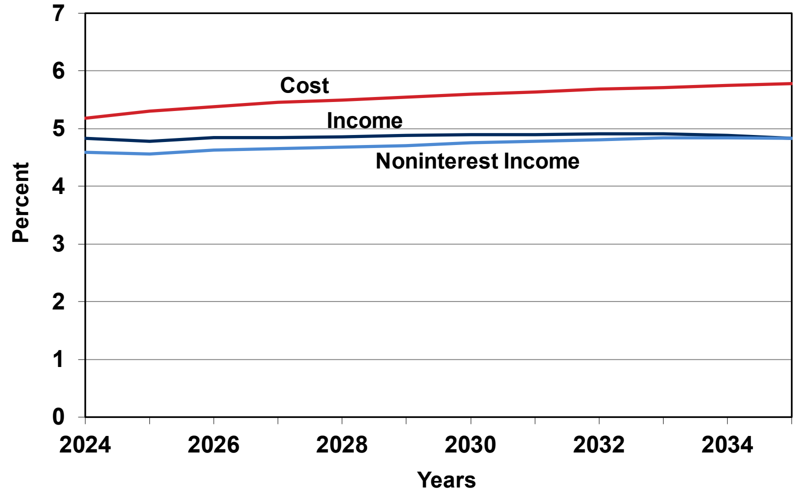
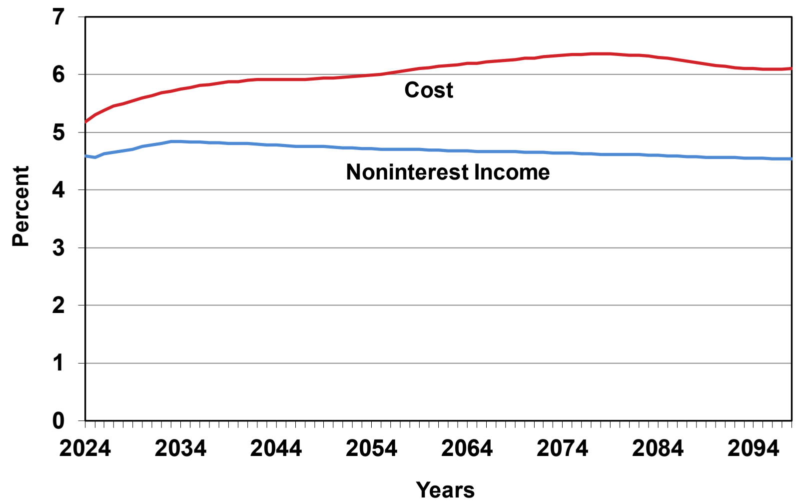


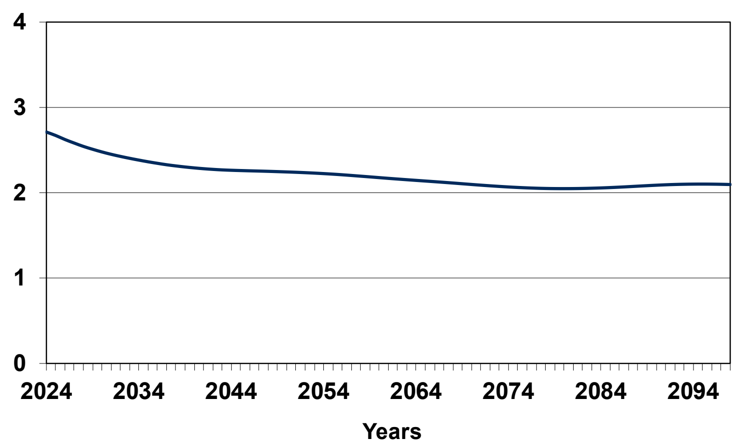
Chart 4 – Estimated OASDI Noninterest Income, and Cost, as a Percent of GDP, 2024–2098



In calendar year 2023, OASDI cost was about $1,392 billion, which was about 5.1 percent of GDP. The cost of the program rises to a peak of 6.4 percent of GDP in 2078, then declines to 6.1 percent by 2098. The increase from 2023 to about 2040 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 2.7 in 2023 to 2.1 in 2098.

Chart 5 – Number of Covered Workers Per OASDI Beneficiary 2024–2098



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 growth, 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 2024 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, 2024 and base them on estimates of income and cost during the 75-year projection period 2024–2098. 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 2024 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 ultimate total fertility rates are 1.6, 1.9, and 2.1 children per woman, where 1.9 is the intermediate summary value for the 2024 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 1.6, 1.9, and 2.1, respectively in 2040.

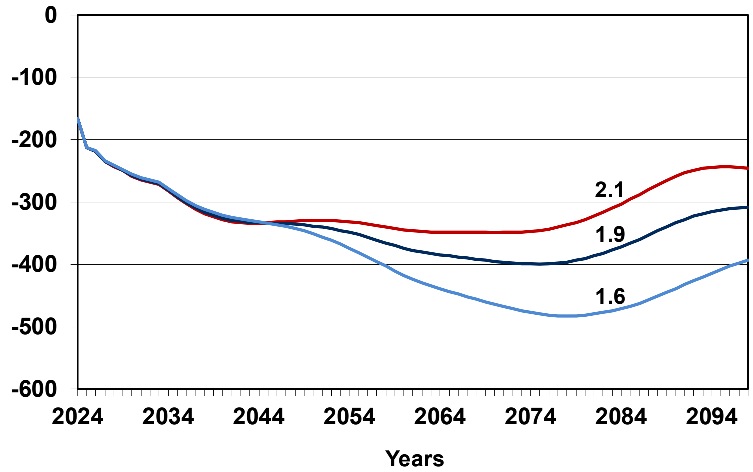
Table 1 demonstrates that if the ultimate total fertility rate were changed from 1.9 children per woman, consistent with the Trustees' intermediate assumption, to 1.6, the shortfall for the period of estimated OASDI income relative to cost would increase to $28,863 billion from $25,406 billion; if the ultimate total fertility rate changed to 2.1, the shortfall would decrease to $23,019 billion.

Table 1: Present Value of Estimated Excess of OASDI Income over Cost With Various Total Fertility Rate Assumptions Valuation Period: 2024–2098

Ultimate Total Fertility Rate	1.6	1.9	2.1
Present Value of Estimated Excess (Dollars in Billions)	$(28,863)	$(25,406)	$(23,019)

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 2024–2098
(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 but eventually level out and begin to increase (become less negative). The net cash flow estimates corresponding to the ultimate total fertility rate of 1.6 decrease through 2078 and then increase through 2098. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2079. The net cash flow estimates corresponding to the ultimate total fertility rate of 1.9 decrease through 2075 and then increase in 2076 through 2098. The net cash flow estimates corresponding to the ultimate total fertility rate of 2.1 decrease through 2043, increase in 2044 through 2051, decrease in 2052 through 2070, and then increase in 2071 through 2095 before a slight decrease through 2098.

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 2033 to 2098, are 0.28, 0.73, and 1.23 percent per year. The intermediate assumption in the 2024 Trustees Report is 0.73 percent. The life expectancy at birth, on a unisex period life table basis, is projected to rise from 78.2 in 2023 to 81.1, 85.4, and 89.8 in 2098 for average annual reductions in the age-sex-adjusted death rate of 0.28, 0.73, and 1.23 percent, respectively.

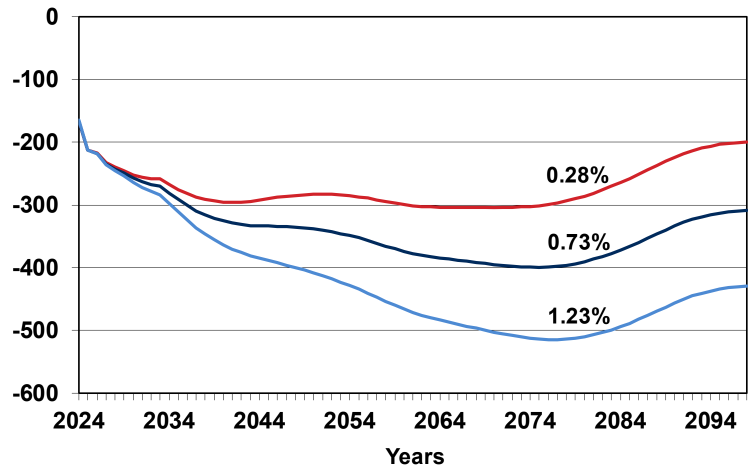
Table 2 demonstrates that if the annual reduction in death rates were changed from 0.73 percent, the Trustees' intermediate assumption, to 0.28 percent, meaning that people die younger, the shortfall for the period of estimated OASDI income relative to cost would decrease to $20,324 billion from $25,406 billion; if the annual reduction were changed to 1.23 percent, meaning that people live longer, the shortfall would increase to $31,384 billion.

Table 2: Present Value of Estimated Excess of OASDI Income over Cost With Various Death Rate Assumptions Valuation Period: 2024–2098

Average Annual Reduction in Death Rates (from 2033 to 2098)	0.28 Percent	0.73 Percent	1.23 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(20,324)	$(25,406)	$(31,384)

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.

Chart 7 – Present Value of Estimated Annual OASDI Net Cash Flow With Various Death Rate Assumptions 2024–2098
(Dollars in Billions)



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 but eventually level out and begin to increase (become less negative). The net cash flow estimates corresponding to 1.23 percent average annual reduction in the age-sex-adjusted death rate decrease through 2077 and then increase in 2078 through 2098. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2078. The net cash flow estimates corresponding to a 0.73 percent average annual reduction decrease through 2075 and then increase in 2076 through 2098. The net cash flow estimates corresponding a 0.28 percent average annual reduction decrease through 2041, increase in 2042 through 2051, decrease in 2052 through 2070, and then increase through 2098.

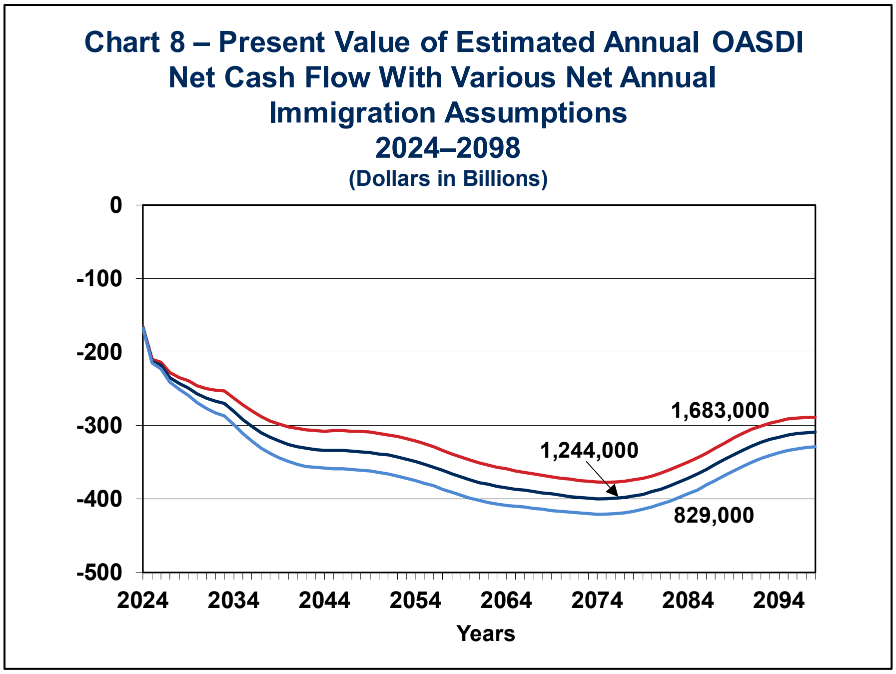
Net Annual Immigration - Table 3 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about the magnitude of annual immigration. The immigration assumptions include the levels of lawful permanent resident (LPR) immigration, legal 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, 1,244,000 persons, and 1,683,000 persons for the period 2034 through 2098. The average value based on the intermediate assumptions in the 2024 Trustees Report is 1,244,000 persons.

Table 3 demonstrates that if the Trustees' intermediate immigration assumptions were changed so that the average level for the period 2034 through 2098 decreased from 1,244,000 persons to 829,000 persons, the present value of the shortfall for the period of estimated OASDI income relative to cost would increase to $26,980 billion from $25,406 billion. If, instead, the immigration assumptions were changed so that net annual immigration would be expected to average 1,683,000 persons, the present value of the shortfall would decrease to $23,763 billion.

Table 3: Present Value of Estimated Excess of OASDI Income over Cost With Various 75-Year Average Net Annual Immigration Assumptions Valuation Period: 2024–2098

Average Net Annual Immigration (for 2034 through 2098)	829,000 Persons	1,244,000 Persons	1,683,000 Persons
Present Value of Estimated Excess (Dollars in Billions)	$(26,980)	$(25,406)	$(23,763)

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, generally continue decreasing through 2075, and then increase (become less negative) in 2076 through 2098. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2076.

Immigration generally occurs at relatively young adult ages, so there is no significant effect on the numbers of beneficiaries who are legally entitled to benefits (and, therefore, on benefits paid) 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 Growth - The annual real wage growth is the average annual real growth rate in the average wage in OASDI covered employment from 2033 to 2098. Table 4 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about real wage growth. These assumptions are that the average annual real growth rate will be 0.53, 1.14, and 1.74 percent. The intermediate assumption in the 2024 Trustees Report is 1.14 percent.

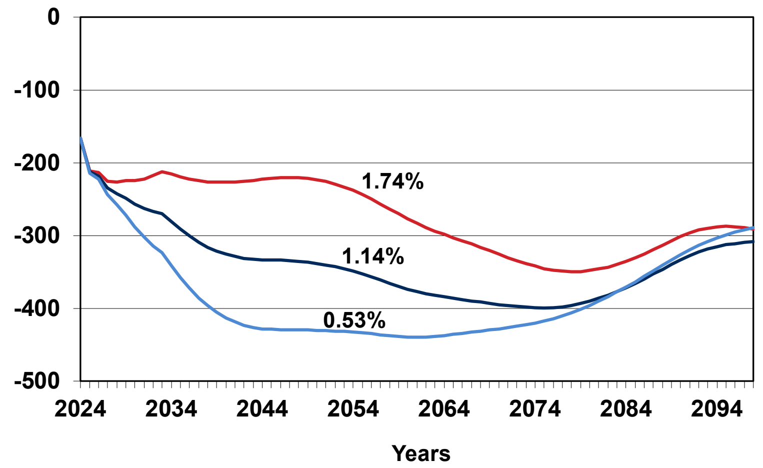
Table 4 demonstrates that if the average real wage growth were changed from 1.14 percent, the Trustees' intermediate assumption, to 0.53 percent, the shortfall for the period of estimated OASDI income relative to cost would increase to $28,406 billion from $25,406 billion; if the average real wage growth were changed from 1.14 to 1.74 percent, the shortfall would decrease to $20,492 billion.

Table 4: Present Value of Estimated Excess of OASDI Income over Cost With Various Real Wage Growth Assumptions Valuation Period: 2024–2098

Average Annual Real Wage Growth (from 2033 to 2098)	0.53 Percent	1.14 Percent	1.74 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(28,406)	$(25,406)	$(20,492)

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

Chart 9 – Present Value of Estimated Annual OASDI Net Cash Flow With Various Real-Wage Growth Assumptions 2024–2098
(Dollars in Billions)



The net cash flow estimates corresponding to all three sets of assumptions are negative in all years of the 75-year projection period. For the assumed real growth rate of 0.53 percent, the present values decrease through 2061 and increase (become less negative) thereafter. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2062. The net cash flow estimates corresponding to an assumed real growth rate of 1.14 percent decrease through 2075 and then increase in 2076 through 2098. The net cash flow estimates corresponding to an assumed real growth rate of 1.74 percent decrease rapidly for a few years before remaining fairly stable from about 2027 through 2047. Thereafter, the net cash flow estimates decrease in 2048 through 2078, increase in 2079 through 2095, and then decrease slightly through 2098.

Differences among the estimates of annual net cash flow based on the three assumptions about the real wage growth become apparent early in the projection period. Higher real growth rates 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 growth. 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 growth rates. 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 2024 Trustees Report is 2.40 percent.

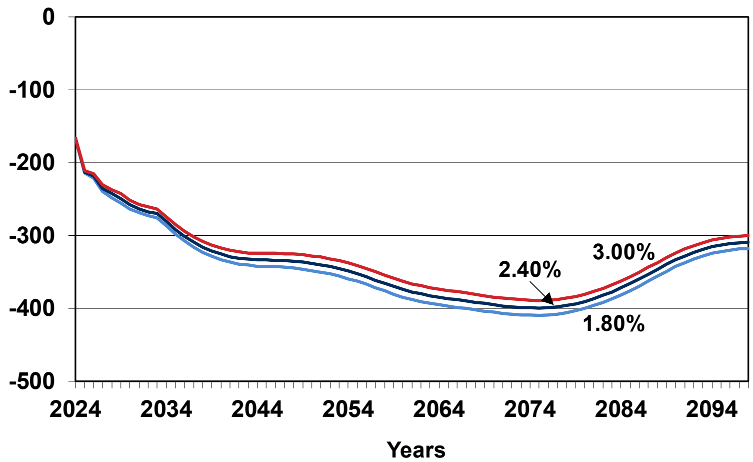
Table 5 demonstrates that if the ultimate annual increase in the CPI were changed from 2.40 percent, the Trustees' intermediate assumption, to 1.80 percent, the shortfall for the period of estimated OASDI income relative to cost would increase to $26,056 billion from $25,406 billion; if the ultimate annual increase in the CPI were changed to 3.00 percent, the shortfall would decrease to $24,722 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: 2024–2098

Ultimate Annual Increase in CPI	1.80 Percent	2.40 Percent	3.00 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(26,056)	$(25,406)	$(24,722)

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.

Chart 10 – Present Value of Estimated Annual OASDI Net Cash Flow With Various Ultimate CPI-Increase Assumptions 2024–2098
(Dollars in Billions)



The three patterns of the present values shown in Chart 10 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. The net cash flow estimates corresponding to all three CPI-increase assumptions decrease rapidly into the 2030s and continue to generally decrease until 2076. The net cash flow estimates corresponding to all three sets of assumptions then increase (become less negative) in 2076 through 2098. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2076.

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 2041. The intermediate assumption in the 2024 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.

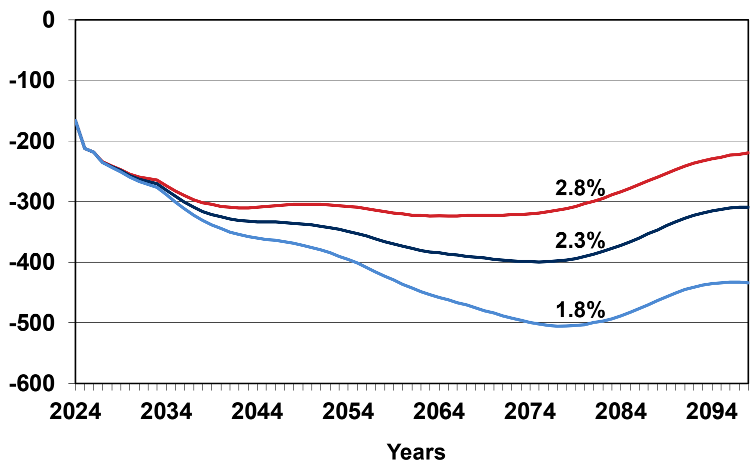
Table 6 demonstrates that if the ultimate real interest rate were changed from 2.3 percent, the Trustees' intermediate assumption, to 1.8 percent, the shortfall for the period of estimated OASDI income relative to cost, when measured in present-value terms would increase to $30,247 billion from $25,406 billion; if the ultimate annual real interest rate were changed to 2.8 percent, the present-value shortfall would decrease to $21,564 billion.

Table 6: Present Value of Estimated Excess of OASDI Income over Cost
With Various Real Interest Assumptions
Valuation Period: 2024–2098

Ultimate Annual Real Interest Rate	1.8 Percent	2.3 Percent	2.8 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(30,247)	$(25,406)	$(21,564)

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.

Chart 11 – Present Value of Estimated Annual OASDI Net Cash Flow With Various Real Interest Rate Assumptions
2024–2098
(Dollars in Billions)



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 2078 and then generally increase through 2098. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase in 2079. The net cash flow estimates corresponding to an ultimate real interest rate of 2.3 decrease through 2075 and then increase in 2076 through 2098. The net cash flow estimates corresponding to an ultimate real interest rate of 2.8 decrease through 2042, increase in 2043 through 2049, decrease in 2050 through 2064, and then increase through 2098.

REPORT OF INDEPENDENT AUDITORS

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

November 13, 2024

The Honorable Martin O'Malley
Commissioner of Social Security

The Office of the Inspector General contracted with the independent certified public accounting firm Ernst & Young LLP to audit (1) the Social Security Administration's (SSA) financial statements as of September 30, 2024 and 2023 and the related notes to the financial statements; (2) the sustainability financial statements, including the statements of social insurance as of January 1, 2024 and 2023 and the related notes to the sustainability financial statements; and (3) the statements of changes in social insurance amounts for the periods January 1, 2023 to January 1, 2024 and January 1, 2022 to January 1, 2023. We also contracted with Ernst & Young to provide an opinion on internal control over financial reporting and report on compliance and other matters. 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 (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Those Standards and Bulletin require that Ernst & Young 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 Ernst & Young's *Report of Independent Auditors.* Ernst & Young found the following.

- The financial statements and sustainability financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- SSA maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on criteria established under the *Federal Managers' Financial*

Integrity Act (FMFIA); OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control;* and in *Standards for Internal Control in the Federal Government* (Green Book), issued by the Comptroller General of the United States. However, Ernst & Young identified two significant deficiencies in internal control over financial reporting related to (1) Internal Controls over Certain Financial Information Systems and (2) Internal Control over Accounts Receivable with the Public (Benefit Overpayments).

- No instances in which SSA's financial management system did not comply substantially with *Federal Financial Management Improvement Act* (FFMIA) requirements.

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

The sustainability financial statements as of January 1, 2022, 2021, and 2020 were audited by Grant Thornton LLP who expressed unmodified opinion on the sustainability financial statements on November 10, 2022. Grant Thornton LLP's Report of Independent Certified Public Accountants dated November 10, 2022, included an Emphasis of matter paragraph regarding the sustainability financial statements.

Office of the Inspector General Evaluation of Ernst & Young's 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 Ernst & Young's audit of SSA's financial statements and sustainability financial statements by:

- evaluating the auditors' and specialists' independence, objectivity, and qualifications;
- reviewing Ernst & Young's audit approach and planning;
- monitoring the audit's progress at key points;
- examining Ernst & Young's documentation related to planning the audit, assessing SSA's internal control, and substantive testing;
- reviewing Ernst & Young's audit report to ensure compliance with *Government Auditing Standards* and OMB Bulletin No. 24-02;
- coordinating the issuance of the audit report; and
- performing other procedures we deemed necessary.

Ernst & Young is responsible for the attached auditor's report, dated November 13, 2024, and the opinions and conclusions expressed therein. The OIG is responsible for technical and administrative oversight regarding Ernst & Young'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 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 Ernst & Young 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.

Hannibal "Mike" Ware
Acting Inspector General

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Report of Independent Auditors

Martin O'Malley, Commissioner
Social Security Administration

Hannibal "Mike" Ware, Acting Inspector General
Social Security Administration

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

- The consolidated balance sheets of SSA as of September 30, 2024 and 2023, the related consolidated statements of net cost, consolidated statements of 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, 2024 and 2023, and the statements of changes in social insurance amounts for the periods January 1, 2023, to January 1, 2024, and January 1, 2022, to January 1, 2023, are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America;
- SSA maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024; and
- No reportable noncompliance for fiscal year 2024 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 on internal control over financial reporting, a section on required supplementary information and a section on 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. Our report also includes an emphasis of matter paragraph related to the sustainability financial statements and an other matter paragraph to acknowledge that the Agency's fiscal year 2022, 2021, and 2020 sustainability financial statements were audited by another auditor.

Report on the Audit of the Financial Statements and on Internal Control over Financial Reporting

Opinions on the Financial Statements

We have audited the financial statements of the Social Security Administration, which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of net cost, consolidated statements of changes in net position, and the combined statements of budgetary resources for the years then ended, and the related notes to the consolidated and combined financial statements, and we have audited the sustainability financial statements which comprise the statements of social insurance as of January 1, 2024 and 2023, and the statements of changes in social insurance amounts for the periods January 1, 2023, to January 1, 2024, and January 1, 2022, to January 1, 2023, and the related notes to the sustainability financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated and combined financial statements present fairly, in all material respects, the financial position of the Agency as of September 30, 2024 and 2023, and its net cost of operations, 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 statements of social insurance as of January 1, 2024 and 2023, and its statements of changes in social insurance amounts from January 1, 2023, to January 1, 2024, and January 1, 2022, to January 1, 2023, in accordance with accounting principles generally accepted in the United States of America.

Opinion on Internal Control over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the Agency's internal control over financial reporting as of September 30, 2024 based on criteria established under 31 U.S.C. § 3512(c) and (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA) as implemented by Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* and in *Standards for Internal Control in the Federal Government,* issued by the United States Government Accountability Office (the Green Book).

In our opinion, the Agency maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on the criteria established under FMFIA, OMB Circular No. A-123, and the Green Book. Our 2024 audit identified deficiencies in the Agency's controls over Certain Financial Information Systems and Accounts Receivable with the Public (Benefit Overpayments), described in the accompanying Appendix *Significant Deficiencies in Internal Control Over Financial Reporting*, that represent significant deficiencies in the Agency's internal control over financial reporting. 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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected

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and corrected, on a timely basis. We considered these significant deficiencies in determining the nature, timing, and extent of our audit procedures on the Agency's 2024 financial statements.

Basis for Opinions

We conducted our audits in accordance with GAAS, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, and in accordance with the provisions of OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and the provisions of OMB Bulletin No. 24-02 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 - Sustainability Financial Statements

As discussed in Note 17 to the sustainability 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 fund reserves become depleted. 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 reserve depletion. 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.

Report of Other Auditors on the Agency's Sustainability Financial Statements

The sustainability financial statements as of January 1, 2022, 2021, and 2020 were audited by Grant Thornton LLP who expressed an unmodified opinion on the sustainability financial statements on November 10, 2022. Grant Thornton LLP's Report of Independent Certified Public Accountants dated November 10, 2022, included an Emphasis of matter paragraph regarding the sustainability financial statements.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

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

Management is responsible for assessing the effectiveness of internal control over financial reporting based on the criteria established under FMFIA, OMB Circular No. A-123, and the Green Book, and its assessment about the effectiveness of internal control over financial reporting as of September 30, 2024, included in the accompanying Commissioner's Assurance Statement.

Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether effective internal control over financial reporting was maintained in all material respects, and (2) 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 of the financial statements or an audit of internal control over financial reporting, conducted in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02, 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, including omissions, are considered to be 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 financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with GAAS and *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- Identify and assess the risks of material misstatement of the 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.

- Obtain an understanding of internal control relevant to our audits of the financial statements in order to design audit procedures that are appropriate in the circumstances.

- Obtain an understanding 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. We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, OMB Circular No. A-123, and the Green Book, such as those controls relevant to preparing performance information and ensuring efficient operations.

- 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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SSA's ability to continue as a going concern for a reasonable period of time.

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 audits.

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 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 accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; (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; and (4) 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. 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in Management's Discussion and Analysis from pages 7 to 53 and the combining schedule of budgetary resources, and the required supplementary social insurance information from pages 116 to 132 be presented to supplement the financial statements (collectively the Required Supplementary Information or RSI). Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB and OMB Circular A-136, *Financial Reporting Requirements*, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with *Government Auditing Standards*. These procedures consisted of (1) inquiries of management about the methods of preparing the Required Supplementary Information and (2) comparing the Required Supplementary Information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements, in order to report omissions or material departures from FASAB and OMB Circular A-136 guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Agency's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in the Agency's Financial Report. The other information comprises the following sections: A Message from the Commissioner (pages 1-2); Table of Contents & Introduction (pages 4-6); A Message from the Chief Financial Officer (pages 56-58); Audited Financial Statements and Additional Information (59-60); and Other Information (pages 153-221). Other information does not include the financial statements and our auditor's report thereon. Our opinions on the 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 audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements, consistent with our auditor's responsibility discussed below, in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with certain provisions of applicable laws, regulations, contracts and grant agreements disclosed no instances of noncompliance for fiscal year 2024 that would be reportable 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 federal financial management system requirements, applicable federal accounting standards, and the *United States Standard General Ledger* at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a). The results of our tests disclosed no instances in which the Agency's financial management systems did not comply with the requirements of FFMIA Section 803(a).

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with *Government Auditing Standards;* and OMB Bulletin No. 24-02.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

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

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Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to the Agency that have a direct effect on the determination of material amounts and disclosures in the Agency's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to the Agency. We caution that noncompliance may occur and not be detected by these tests.

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 on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

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 151 of this Agency Financial Report. The Agency's response was not subjected to the other auditing procedures applied in the audits of the financial statements, and accordingly, we express no opinion on the Agency's response.

Ernst + Young LLP

November 13, 2024

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Appendix – Significant Deficiencies in Internal Control Over Financial Reporting

<u>Significant Deficiency in Internal Controls over Certain Financial Information Systems</u>

Information systems controls are a critical component of the Federal government's operations to manage the integrity, confidentiality and reliability of its programs and activities and assist with reducing the risk of errors, fraud, or other illegal acts. SSA has a complex set of technology, systems, and Information Technology (IT) infrastructure in place to administer its programs and activities. As SSA continues its efforts to enhance its information system internal controls over financial reporting, the items identified in the current year audit merit continued focus on their information systems controls and processes.

Due to the complex nature of the IT environment, SSA continues to have pervasive deficiencies in its implementation of controls. While SSA has made improvements in the remediation of IT deficiencies, we noted that some control deficiencies identified this year have been recurring issues in previous financial statement audits as well as new control deficiencies. Therefore, we deemed the aggregation of these control deficiencies to be a significant deficiency in information system internal controls over financial reporting.

Access Controls and Segregation of Duties

SSA has a large number of users requiring access to these IT systems in order to administer its programs in a timely and effective manner. Accordingly, properly implemented system access controls, including user and system account management, segregation of duties, and monitoring of system access, are critical to preventing and detecting unauthorized usage of SSA information resources, program, and data files. Without maintaining an appropriate level of access controls within SSA systems, the integrity, confidentiality, and availability of SSA's information resources could be compromised.

The following control deficiencies were identified:

- The accounts of terminated users were not disabled or deprovisioned in accordance with the SSA defined timeframe.
- SSA procedural documentation to support its account management processes did not include the procedures for handling cases requiring a second reviewer and thus individuals reviewed and certified their own access.
- For one financially significant application, the users' account history for provisioning and deprovisioning of access was not available.
- For one financially significant application, users provisioning was not performed in accordance with SSA defined policy and procedures.

- For one financially significant application, production deployers have access to code development and review capabilities and the evidence of approval for the review of segregation of duties for change management was not maintained.

Configuration Management Controls

Configuration management involves the identification and management of security features for all hardware and software components of an information system at a given point and systematically controls changes to that configuration during the system's life cycle. By implementing configuration management controls, SSA can ensure that only authorized software programs and infrastructure configurations are placed into production through establishing and maintaining baseline configurations and monitoring changes to these configurations. Weaknesses in such controls can compromise the integrity and availability of sensitive data and increase the risk that such data may be inappropriately used and disclosed.

The following control deficiencies were identified:

- SSA has not yet completed its review of use cases to establish a monitoring and remediation process using an automated tool for additional monitoring of its security configuration settings.
- One change was requested and migrated into production by an individual that was not documented as an approved migrator.
- For a selection of IT infrastructure components that support the financially relevant applications, not all security settings were in compliance with the SSA defined security configuration settings or the SSA approval waiver process for non-compliance was not followed.
- The monitoring and review of audit logs were not consistently followed in accordance with SSA procedures.

IT Operations Controls

Effective IT operations controls support the reliability of various aspects of operating the IT environment related to the complete and accurate processing of transactions and the protection of information used in that processing. IT operations involves computer job management tasks related to scheduling and running jobs (programs), monitoring the successful completion of those jobs, and detecting and addressing job failures timely. In addition, it includes the effective identification and timely remediation of vulnerabilities and weaknesses identified by SSA through its risk management process. Ineffective controls around IT operations increases the risk that issues with programs that are not scheduled correctly or do not process to completion, may not be addressed, or may be addressed inappropriately, and hardware or software issues will result in the loss of

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financially relevant data or the ability to accurately process that data. Further, not timely remediating known vulnerabilities or weaknesses may impact the integrity and security of the data.

The following control deficiencies were identified:

- Vulnerabilities identified were not remediated within the timeframe set forth by SSA policy and were not appropriately tracked via an associated plan of action and milestones (POA&M) or waiver noting the compliance deviation.
- For one financially significant system, SSA did not perform the annual security control assessment defined within policy.
- For a selection of systems, SSA did not appropriately document minimum low and moderate baseline controls according to National Institute of Standards and Technology NIST-800-53B defined categorization in their System Security Plans (SSP).
- For two financially significant applications, interface/job monitoring procedures were not defined and not consistently implemented.

Recommendations

SSA should continue to improve the operating effectiveness of information security controls to address deficiencies in access controls and segregation of duties, configuration management, and IT operations to include:

Access Controls and Segregation of Duties Controls

1. Follow defined guidance for account management processes related to execution of access controls.
2. Restrict access for key applications and the underlying IT infrastructure in accordance with the principle of least privilege, monitored to detect and correct unauthorized access or activities. Additionally, evidence of such monitoring activities should be retained.
3. Routinely monitor and revalidate access needs for business users, privileged users, and terminated and inactive users.

Configuration Management Controls

1. Define the process to fully integrate the automated tool to monitor security baselines.
2. Follow defined guidance for change management processed related to access to deploy changes.

3. Monitor security configuration processes to validate compliance with defined configuration requirements and retain remediation documentation in support of SSA Identified non-compliance with defined security configuration settings.

IT Operations Controls

1. Document risks and controls in place, identify gaps, and complete corrective actions to strengthen the internal control environment. Improve documentation, test and validate controls, and remediate findings. Additionally, monitor vulnerabilities for non-compliance with policy requirements and track remediation actions appropriately. Complete security assessment reports according to defined SSA frequency.

2. Update System Security Plans for low and moderate categorized systems with baseline controls according to NIST 800-53B.

3. Follow defined guidance related to interface/job monitoring procedures.

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, lack of adherence to its internal controls could lead to inaccuracies in recording, documenting, and tracking overpayment balances. Management also relies on its IT infrastructure, interfaces, and controls to record and prevent erroneous payments.

Deficiencies in Benefit Overpayment Documentation and Calculations

During the previous audit period, Ernst & Young identified errors affecting the accuracy of the overpayment amounts reported in the subsidiary ledger's records for Title II Recovery of Overpayments, Accounting, and Reporting (ROAR) System and Title XVI Modernized Overpayment and Underpayment Reporting System (MOURS). The identified errors in the Title II and Title XVI overpayment recalculations were due to (1) Actions being made to records in error, (2) Actions not being made by a technician to correct the record, or (3) Discrepancies

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between the Master Beneficiary Record (MBR) and ROAR, for Title II, or Supplemental Security Record (SSR) and MOURS, for Title XVI.

During FY 2024, SSA Management established an Overpayment Review Team (ORT) to identify, assess and develop analyses, processes, and certain IT systems enhancements to begin to address the Title II and Title XVI Overpayment finding and implement the recommendations. Specifically, the ORT has primarily focused its corrective actions on current year overpayment transactions and in developing control processes over future transactions. As a result, Ernst & Young determined that the remediation efforts made-to-date either: (1) did not have a financially relevant impact on historical balances, (2) would not be fully implemented in the current year, or (3) would not be implemented for a long enough period in the current year for Ernst & Young to evaluate the new set of controls designed and implemented. Accordingly, the Agency confirmed that its remedial actions were not sufficient to overcome the deficiencies and had Ernst & Young substantively tested overpayments in the current year, the path of findings would be consistent with prior year results.

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.

Reconciliation of the Supplemental Security Income Accounts Receivable Ledger

OMB Circular A-123, Appendix D, *Management of Financial Management Systems – Risk and Compliance* (OMB Circular A-123), requires that the United States Government Standard General Ledger be applied at the transaction level. For its Old-Age and Survivors and Disability Insurance (OASDI) and Supplemental Security Income (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.

In the prior year's audit, Ernst & Young identified differences between the detailed records in MOURS to summary MOURS files used by SSA to adjust the general 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.

Limitations in SSA IT systems, and the structure of the MOURS databases have resulted in the inability to implement certain controls over accounts receivable to confirm the balances posted to the financial reporting system from summary reports and MOURS detailed records.

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

As disclosed in Note 6 of the 2024 SSA financial statements, SSA identified a Title II system design limitation concerning long-term withholding agreements that extend past the year 2049, Building a better working world

where the ROAR system cannot capture, and track debt scheduled for collection beyond the year 2049.

Due to changes set by the SSA Commissioner on how overpayments are collected as well as the implementation of a lower default rate for recovering overpayments from current benefits, SSA determined that the latest date to track the future collection of overpayments within the system needed to extend beyond 2049. Accordingly, the date within the system was changed to 2073 during quarter 3 of FY 2024. This date was determined by similar constraints within the system that dictated the 2049 date; it was the latest date to which the system could be set.

These system limitations have led to an understatement of the accounts receivable with the public balance on the Agency's financial statements. The limitations have hindered SSA's ability to effectively track and collect these overpayments. 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.

Recommendations

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

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.
4. Consider implementing a secondary review of overpayment calculations for cases that are more prone to manual intervention.
5. Implement a retroactive review control on historical overpayment data that would not have been subject to the new controls being implemented by the Overpayment Review Team.
6. Evaluate the impact to the accounts receivable balance through an analysis of those transactions (e.g. historical overpayment data) that will not be subject to control processes the Agency plans to implement on future transactions beginning in fiscal year 2025.

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Reconciliation of the Supplemental Security Income 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 Overpayment Records and Tracking of 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.

4. Analyze and track the impact of the 2073 system design process limitation on the Financial Statements.

SOCIAL SECURITY
The Commissioner

November 13, 2024

Ernst & Young LLP
1 Manhattan West
New York, NY 10001

Dear Sir or Madam:

We have reviewed the Report of Independent Auditors concerning our fiscal year (FY) 2024 financial statements. We are pleased we received our 31st consecutive unmodified opinion on our financial statements, an unqualified opinion that our internal control over financial reporting was operating effectively, and we had no reportable instances of noncompliance with laws, regulations, or other matters tested.

The independent audit process provides us with valuable recommendations, and we remain committed to excellence in financial management. I appreciate the ongoing partnership with you, our independent auditors, and the Office of the Inspector General.

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

My primary commitment is to dedicate time and resources to provide outstanding service to our customers. Part of that commitment is ensuring the stewardship of our programs. As good stewards, we are committed to improving payment accuracy, including overpayments, and the continued strength and resilience of our cybersecurity program.

We will consider your overpayment findings and recommendations as part of our Overpayment Review Team discussions and future initiatives. We also remain committed to resolving the cybersecurity deficiencies identified by your audit through risk-based corrective action plans to mitigate risks and strengthen our control environment.

Respectfully,

Martin O'Malley
Commissioner

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

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Other Information

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, and other financial information.

Next, in accordance with the *Reports Consolidation Act of 2000*, *The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2024* 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 substantial compliance noted	No lack of substantial compliance noted
2. Applicable Federal Accounting Standards	No lack of substantial compliance noted	No lack of substantial compliance noted
3. United States Standard General Ledger at Transaction Level	No lack of substantial compliance noted	No lack of substantial compliance noted

OTHER FINANCIAL INFORMATION

Other Financial Information: Balance Sheet by Major Program as of September 30, 2024

(Dollars in Millions)

Assets	OASI	DI	SSI	Other	LAE	Intra-Agency Eliminations	Consolidated
Intragovernmental Assets:							
Fund Balance with Treasury	$ 110	$ 84	$ 6,634	$ 96	$ 66	$ 0	$ 6,990
Investments	2,597,697	179,176	0	0	0	0	2,776,873
Accounts Receivable, Net	859	16	0	0	3,791	(2,957)	1,709
Advances and Prepayments	0	0	21	0	61	0	82
Total Intragovernmental Assets	2,598,666	179,276	6,655	96	3,918	(2,957)	2,785,654
Assets with the Public:							
Accounts Receivable, Net	2,792	2,858	5,142	0	29	(829)	9,992
Property, Plant, and Equipment, Net	0	0	0	0	5,164	0	5,164
Total Assets with the Public	2,792	2,858	5,142	0	5,193	(829)	15,156
Total Assets	$2,601,458	$ 182,134	$ 11,797	$ 96	$ 9,111	$ (3,786)	$ 2,800,810
Liabilities							
Intragovernmental Liabilities:							
Accounts Payable	$ 6,615	$ 681	$ 1,287	$ 35	$ 11	$ (2,957)	$ 5,672
Other Liabilities	0	0	4,848	3	98	0	4,949
Total Intragovernmental Liabilities	6,615	681	6,135	38	109	(2,957)	10,621
Liabilities with the Public:							
Accounts Payable	0	4	296	0	151	0	451
Federal Employee Salary, Leave, and Benefits Payable	0	0	0	0	575	0	575
Pension, Post-Employment, and Veterans Benefits Payable	0	0	0	0	263	0	263
Benefits Due and Payable	119,137	33,075	6,896	0	0	(829)	158,279
Advances from Others and Deferred Revenue	0	0	281	0	8	0	289
Other Liabilities	0	0	38	1	0	0	39
Total Liabilities with the Public	119,137	33,079	7,511	1	997	(829)	159,896
Total Liabilities	$ 125,752	$ 33,760	$ 13,646	$ 39	$ 1,106	$ (3,786)	$ 170,517
Commitments and Contingencies (Note 9)							
Net Position							
Unexpended Appropriations - Funds from other than Dedicated Collections	$ 0	$ 0	$ 1,803	$ 57	$ 5	$ 0	$ 1,865
Cumulative Results of Operations - Funds from Dedicated Collections	2,475,706	148,374	15	0	0	0	2,624,095
Cumulative Results of Operations - Funds from other than Dedicated Collections	0	0	(3,667)	0	8,000	0	4,333
Total Cumulative Results of Operations	2,475,706	148,374	(3,652)	0	8,000	0	2,628,428
Total Net Position	$2,475,706	$ 148,374	$ (1,849)	$ 57	$ 8,005	$ 0	$ 2,630,293
Total Liabilities and Net Position	$2,601,458	$ 182,134	$ 11,797	$ 96	$ 9,111	$ (3,786)	$ 2,800,810

Other Financial Information: Schedule of Net Cost for the Year Ended September 30, 2024
(Dollars in Millions)

	Program	LAE	Total
OASI Program			
Benefit Payment Expense	$ 1,301,396	$ 0	$ 1,301,396
Operating Expenses	685	4,028	4,713
Total Cost of OASI Program	1,302,081	4,028	1,306,109
Less: Exchange Revenues	(1)	(20)	(21)
Net Cost of OASI Program	$ 1,302,080	$ 4,008	$ 1,306,088
DI Program			
Benefit Payment Expense	$ 156,914	$ 0	$ 156,914
Operating Expenses	306	2,872	3,178
Total Cost of DI Program	157,220	2,872	160,092
Less: Exchange Revenues	(25)	(14)	(39)
Net Cost of DI Program	$ 157,195	$ 2,858	$ 160,053
SSI Program			
Benefit Payment Expense	$ 55,882	$ 0	$ 55,882
Operating Expenses	245	5,009	5,254
Total Cost of SSI Program	56,127	5,009	61,136
Less: Exchange Revenues	(225)	(25)	(250)
Net Cost of SSI Program	$ 55,902	$ 4,984	$ 60,886
Other			
Operating Expenses	$ 0	$ 3,573	$ 3,573
Less: Exchange Revenues	0	(17)	(17)
Net Cost of Other Program	$ 0	$ 3,556	$ 3,556
Total Net Cost			
Benefit Payment Expense	$ 1,514,192	$ 0	$ 1,514,192
Operating Expenses	1,236	15,482	16,718
Total Cost	1,515,428	15,482	1,530,910
Less: Exchange Revenues	(251)	(76)	(327)
Total Net Cost	$ 1,515,177	$ 15,406	$ 1,530,583

Other Financial Information: Schedule of Changes in Net Position for the Year Ended September 30, 2024

(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	$ 3,944	$ 0	$ 63
Appropriations Received	0	0	0	61,165	53,749	20
Other Adjustments	0	0	0	(2)	0	(7)
Appropriations Used	0	0	0	(63,304)	(53,749)	(19)
Net Change in Unexpended Appropriations	0	0	0	(2,141)	0	(6)
Total Unexpended Appropriations - Ending	0	0	0	1,803	0	57
Cumulative Results of Operations:						
Beginning Balances	$ 2,574,206	$ 116,070	$ 21	$ (3,135)	$ 0	$ 0
Appropriations Used	0	0	0	63,304	53,749	19
Non-Exchange Revenue						
Tax Revenues	1,096,939	186,287	0	0	0	0
Interest Revenues	63,684	4,963	0	0	0	0
Other	(28)	0	0	0	0	0
Total Non-Exchange Revenue	1,160,595	191,250	0	0	0	0
Transfers In/Out - Without Reimbursement	42,899	(1,751)	(150)	(7,377)	(53,749)	3,025
Imputed Financing Sources	0	0	0	17	0	0
Other	86	0	0	(430)	0	(3,044)
Net Cost of Operations	1,302,080	157,195	(144)	56,046	0	0
Net Change in Cumulative Results of Operations	(98,500)	32,304	(6)	(532)	0	0
Total Cumulative Results of Operations - Ending	$ 2,475,706	$ 148,374	$ 15	$ (3,667)	$ 0	$ 0
Net Position	$ 2,475,706	$ 148,374	$ 15	$ (1,864)	$ 0	$ 57

Other Financial Information: Schedule of Changes in Net Position for the Year Ended September 30, 2024 (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	$ 5	$ 0	$ 4,012	$ 4,012
Appropriations Received	32	53,749	61,217	114,966
Other Adjustments	0	0	(9)	(9)
Appropriations Used	(32)	(53,749)	(63,355)	(117,104)
Net Change in Unexpended Appropriations	0	0	(2,147)	(2,147)
Total Unexpended Appropriations - Ending	5	0	1,865	1,865
Cumulative Results of Operations:				
Beginning Balances	$ 8,191	$ 2,690,297	$ 5,056	$ 2,695,353
Appropriations Used	32	53,749	63,355	117,104
Non-Exchange Revenue				
Tax Revenues	0	1,283,226	0	1,283,226
Interest Revenues	0	68,647	0	68,647
Other	0	(28)	0	(28)
Total Non-Exchange Revenue	0	1,351,845	0	1,351,845
Transfers In/Out Without Reimbursement	14,286	(12,751)	9,934	(2,817)
Imputed Financing Sources	897	0	914	914
Other	0	86	(3,474)	(3,388)
Net Cost of Operations	15,406	1,459,131	71,452	1,530,583
Net Change in Cumulative Results of Operations	(191)	(66,202)	(723)	(66,925)
Total Cumulative Results of Operations - Ending	$ 8,000	$ 2,624,095	$ 4,333	$ 2,628,428
Net Position	$ 8,005	$ 2,624,095	$ 6,198	$ 2,630,293

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THE SOCIAL SECURITY ADMINISTRATION'S MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES DURING FISCAL YEAR 2024

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

November 5, 2024

Martin O'Malley
Commissioner

Dear Mr. O'Malley:

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 2024, we identified the following challenges:

- Manage Human Capital
- Improve Service Delivery
- Protect the Confidentiality, Integrity, and Availability of SSA's Information Systems and Data
- Modernize Information Technology
- Improve the Administration of the Disability Programs
- Improve the Prevention, Detection, and Recovery of Improper Payments

In the attached 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 interrelated, 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 2025, the Office of the Inspector General 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.

Sincerely,

Hannibal Ware
Acting Inspector General

Enclosure

The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2024

November 2024

Manage Human Capital

The Social Security Administration (SSA) must design and implement adequate plans to hire, develop, and retain the employees it needs to meet its mission, address its workloads, and provide the high level of customer service the public expects and deserves.

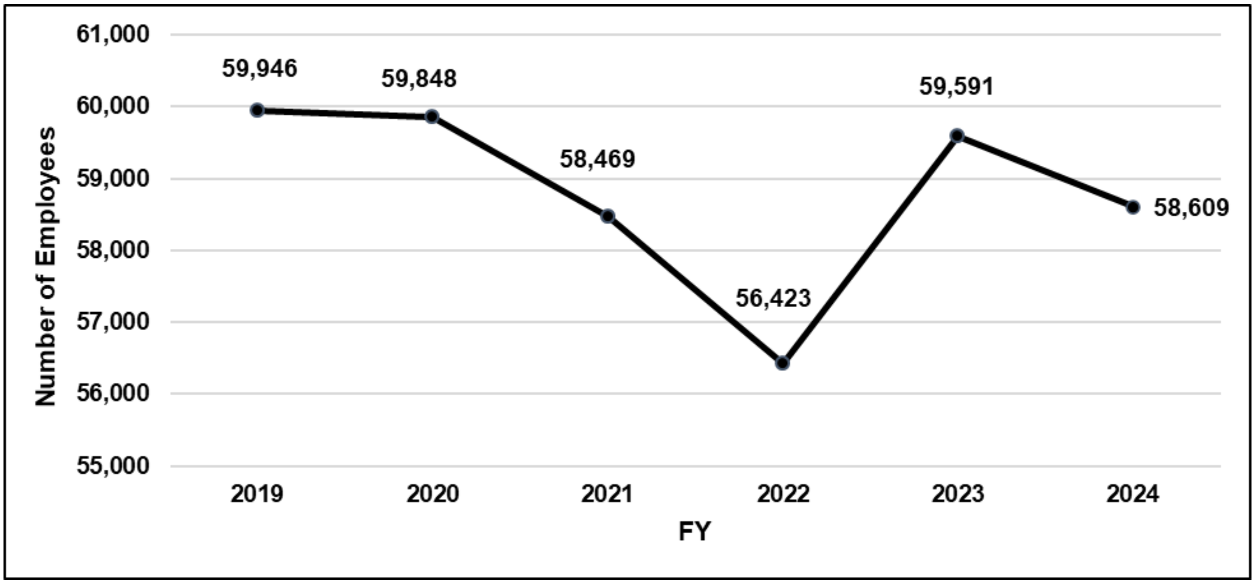
Why This is a Challenge

While SSA and state disability determination services (DDS) hired more employees in Fiscal Year (FY) 2023 than in previous years, attrition and more limited hiring in FY 2024 have lessened the impact of the FY 2023 hiring. Per the Commissioner's testimony on March 21, 2024 before the Committee on Ways and Means and Subcommittee on Work and Welfare United States House of Representatives, SSA needs funding to restore staffing to FY 2023 levels to improve service delivery, including reducing National 800 Number wait times and disability claims processing delays. While additional employees should help improve service delivery, SSA needs to plan for multiple contingencies. SSA needs clearer human capital and operating plans that address its human capital risks, including limited staffing and increased attrition rates at both SSA and state DDSs, to ensure it has a clear vision on how it will improve service delays and backlogged workloads with its existing human capital.

Hiring and Retention

As of September 7, 2024, SSA had fewer employees than it did at the end of FY 2023 (see Figure 1).

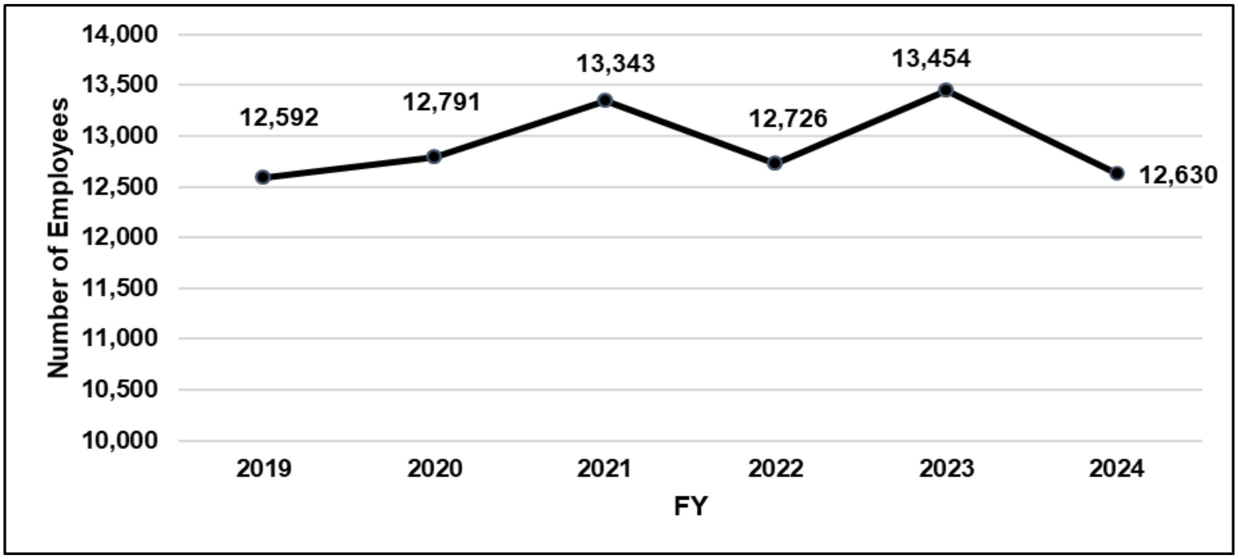
Figure 1: SSA Staffing



Note: Number of employees as reported by SSA. Staffing numbers include Office of the Inspector General employees, but do not include disability determination services (DDS) employees.

Similarly, as of September 30, 2024, state DDSs had fewer employees than they did at the end of FY 2023 (see Figure 2).

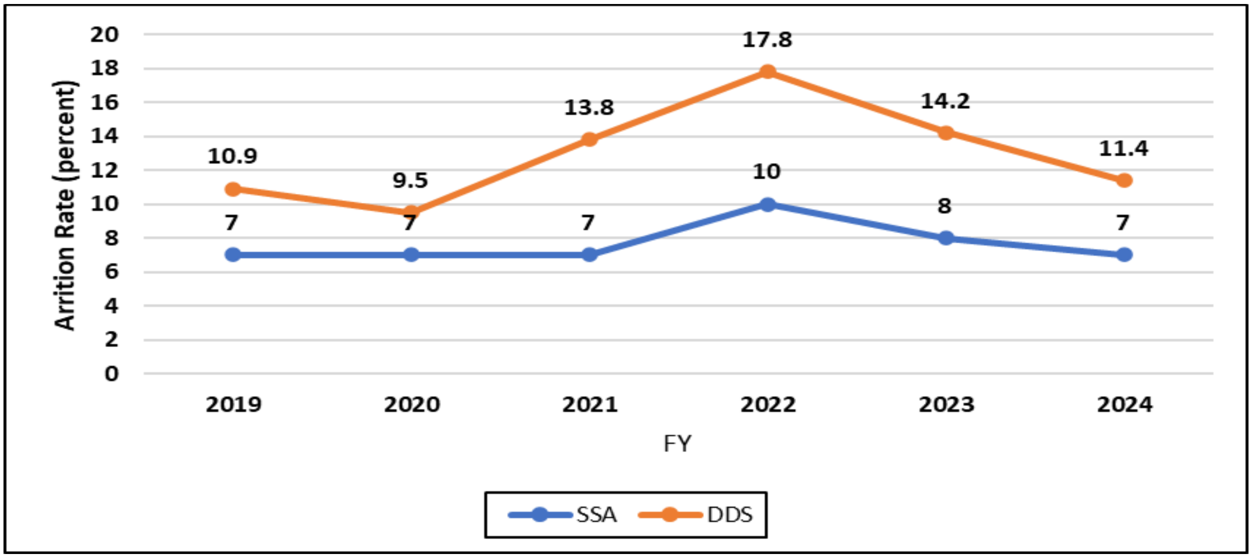
Figure 2: DDS Staffing



Note: Number of employees as reported by SSA.

Both attrition and more limited hiring resulted in SSA and DDSs having fewer employees in FY 2024 than they did in FY 2023. For example, 1 senior regional leader reported that, while she lost over 650 employees in FY 2023, she was only authorized to hire 259 employees in FY 2024. While the attrition rates for SSA and state DDSs have decreased in the last couple of FYs, the attrition rate for DDSs in FY 2024 remains relatively high at over 11 percent (see Figure 3).

Figure 3: SSA and DDS Annual Employee Attrition Rates



Note: Attrition rates are as reported by SSA.

One of SSA's biggest human capital challenges is state DDS staffing. While SSA helps fund DDSs, each state hires the employees who work at their respective DDSs. DDS disability examiners manage the disability determination process at DDSs; having fewer disability examiners diminishes the DDS' ability to process the disability determinations SSA needs to award or deny disability benefits. While attrition rates for disability examiners differ nationwide, all but the Denver region lost more disability examiners than they hired in FY 2024 (see Table 1).

Table 1: FY 2024 State Disability Examiner Losses and Additions by Region (as of week 52)

Region	Disability Examiners Losses	Disability Examiners Additions
Boston	31	26
New York	84	3
Philadelphia	86	45
Atlanta	288	149
Chicago	177	21
Dallas	198	118
Kansas City	33	10
Denver	23	28
San Francisco	148	53
Seattle	34	22
Total	**1,102**	**475**

Senior regional SSA leaders reported DDS employees often left DDSs to work for other Federal agencies that have similar work with higher pay and more telework available than the states offer them.

Human Capital Planning

In a September 2022 report on the *Social Security Administration's Human Capital Planning*, we concluded SSA's *Agency Strategic Plan* and *Annual Performance Plans* covering FYs 2018-2022 include limited discussions of the human-capital strategies needed to ensure it successfully meets its strategic goals and initiatives. A more recent analysis of the current *Agency Strategic Plan* similarly found limited discussions on SSA's human-capital strategies and their impact on meeting its mission. For example, while one of the three strategic goals in the *Agency Strategic Plan for FYs 2022-2026* focuses on building an inclusive, engaged, and empowered workforce, the *Plan* does not provide detail how it will achieve that goal and how any deviation from it will affect the strategic goals focused on customer service and program stewardship.

Our 2022 report also stated the human capital management strategies in SSA's FY 2018-2022 *Human Capital Operating Plan* aligned with some *Agency Strategic Plan* strategic objectives but not others. Our review of the FY *2023-2026 Human Capital Operating Plan* found that, while SSA had some worthwhile performance metrics, including increasing new-hire retention and reducing its employee-separation rate, the metrics' targets and the strategies SSA plans to use to achieve them were modest at best.

SSA released its *Long-Term Human Capital Management Improvement Plan FY 2024-2034* in March 2024. The Plan outlines several new challenges, including high attrition outside of retirement, low employee morale, and increasing competition for talent. We are concerned that SSA describes these challenges as new when they have been present for a number of years, and the vast majority of the strategies in its draft plan are scheduled to be implemented in 3 to 10 years. While SSA has continually stated its staffing is a critical part of its ability to improve customer service and meet its mission, its plans need specificity and urgency and consideration of how it will make progress should its funding fall short of the staffing it envisions it will need.

Progress the Social Security Administration Has Made

Hiring and Retention

The March 2024 *Further Consolidated Appropriations Act of 2024* (Pub. L. No. 118-47) provided SSA's FY 2024 appropriations. After its passage, the Commissioner lifted an Agency-wide hiring freeze and authorized the hiring of 3,790 employees: 1,600 teleservice centers, 1,290 field offices, 600 state DDSs, and 300 hearing office hires. These new hires totaled less than half the of the 7,800 employees SSA hired in FY 2023.

SSA still has direct-hiring authority from the Office of Personnel Management for its frontline, direct-service positions, which it initially received in FY 2023. This authority allows SSA to hire, after public notice, any qualified applicant without regard to multiple-hiring rules and procedures. Senior human resource leadership noted direct-hiring authority continues to help the hiring process.

SSA has taken steps to supplement its self-paced online training through more inclusive virtual and in-person training opportunities, bringing new employees together through virtual classrooms and in-person gatherings. Senior regional managers reported these sessions have led to higher levels of engagement and a better sense of inclusion among the new employees and believe this has helped lower the attrition rate with newer employees.

In support of more stable staffing at DDSs, SSA has collaborated with DDS administrators nationwide to implement recruitment and retention strategies, including increasing the competitiveness of DDS pay, streamlining training, and reducing the time it takes to onboard new hires.

Human Capital Planning

SSA's developed its *Long-Term Human Capital Management Improvement Plan FY 2024-2034*, which recognizes the need to further develop information technology (IT) solutions and automation to enhance operational efficiency as part of its human capital strategy. The plan also calls for automated solutions that include (1) online form completion and (2) document submission for forms and evidence, which should free employees to focus on other workloads. While these strategies are important, many of the planned actions for increasing operational efficiencies have implementation dates that are multiple years away.

What the Social Security Administration Needs to Do

Develop and implement human capital and operating plans that address its human capital risks, including how it will better compete for the talent it needs, retain the employees it has, and eliminate service delays and backlogged workloads with various staffing levels.

Key Related Links

- SSA, OIG Website - Published Reports from the Office of Audit
    - *Controls over Employees' Premium Pay (152404)*
    - *The Social Security Administration's Human Capital Planning (A-02-19-50866)*
- SSA Website – FYs 2022-2026 Agency Strategic Plan
- SSA Website – FYs 2023-2025 Annual Performance Report
- SSA Website – FYs 2024-2026 Human Capital Operating Plan

Improve Service Delivery

SSA needs to enhance the customer experience via telephone and online services as well as updates to programs and policies.

Why This is a Challenge

SSA will need to continue increasing, improving, and ensuring the continuity of its telephone and online service methods to meet its customers' demand. SSA needs online services that reduce barriers and improve service delivery. SSA also needs to update its programs and policies, where possible, to eliminate the complexity and difficulty placed on customers who apply for benefits.

Telephone Service

When the Coronavirus pandemic began in 2019, SSA had separate telephone systems for its National 800 Number, field office, and Headquarters operations. To accommodate remote operations in response to the pandemic, SSA augmented its legacy telephone systems that modified functionality and capacity. SSA planned to replace the three legacy systems and improve its temporary system's stability by implementing the Next Generation Telephony Program (NGTP). In the first quarter of FY 2024, SSA implemented NGTP for its National 800 Number.

NGTP did not meet all of SSA's expectations or provide all required features and therefore customers could not determine estimated wait times or request call backs. These features, especially the ability to request a call back, places more strain on the teleservice centers' queues and aggravates customers who are on hold for longer periods of time. For example, average wait times on SSA's National 800 Number doubled from approximately 20 minutes in FY 2019 to about 40 minutes in the first quarter of FY 2024. During the fourth quarter of FY 2024, the Agency transitioned the National 800 Number from NGTP to Amazon Web Services, and, by the end of FY 2024, SSA's average answering time dropped to 27.7 minutes.

Online Services

SSA acknowledges technology advancements provide opportunities to do business differently and often more efficiently and conveniently. SSA is exploring ways to enhance the customer service experience by providing online self-service options, many of which individuals access through their *my* Social Security accounts. As of FY 2024, SSA had registered more than 100 million users for *my* Social Security accounts. In FY 2024, SSA surpassed 441 million successfully completed online transactions in 1 year.

The online services provide a valuable resource for individuals to conduct business with SSA by saving time and by not having to visit a local field office or call the National 800 number Telephone System. SSA's online services allows applicants to submit online Social Security number (SSN) card requests via its Internet Social Security Number Replacement Card (iSSNRC).

In FY 2024, SSA issued 37,820 iSSNRC name-change due to marriage replacement cards. However, iSSNRC name-change due to marriage was not available to customers in all states. SSA should continue expanding 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. SSA also needs to continue reducing or eliminating paper processes by automating workflows and updating policies to better connect employees with customers and their evidence by using digital services.

SSA also plans to enhance online appeals by creating a single-entry point for medical, non-medical, and online applications for Appeals Council review to make it easier for customers to file appeal requests. SSA is also 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, registration, and other related workloads.

Programs and Policies

SSA administers disability benefits through the Social Security Disability Insurance and Supplemental Security Income (SSI) programs. Under both programs, the Agency follows a five-step process to determine whether an adult has a qualifying disability. SSA disability policies and regulations can be burdensome, especially for individuals who face barriers to accessing services. For example, Agency policy used to require that people provide detailed information about 15 years of work history, which was difficult for individuals to remember and led to incomplete or inaccurate reporting. Effective June 22, 2024, SSA changed their reviews to only include 5 years of past work. The new rule makes it easier to people applying for benefits by focusing on their most recent relevant work activity while still providing enough information to allow SSA to make accurate determinations. SSA needs to continue advancing administrative actions to simplify the SSI program, improve case processing, and leverage partnerships to reduce burdens on their customers and improve customer service.

Progress the Social Security Administration Has Made

Telephone Service

Because of issues with NGTP, on August 22, 2024, SSA transitioned its National 800 Number from NGTP to Amazon Web Service, which allows for scheduled callbacks, provides estimated wait times, and enhances self-service. In FY 2025, depending on its budget, SSA plans to restore staffing levels in the National 800 Number call centers. The FY 2025 new hires are expected to help further improve wait times.

Online Service

In FY 2024, SSA expanded its online services to provide customers entitled to retirement and disability benefits, including those who are living abroad, with more options to update their addresses online. SSA also plans to expand online self-scheduling options, interviews for replacement cards, post-entitlement actions, and make permanent an already-existing option for on-line video hearings.

In FY 2024, iSSNRC was available to 47 states and the District of Columbia. While most states provide no-change replacement SSN cards (in FY 2024, SSA issued 2,218,960 no-change replacement cards), not all provide replacement SSN cards for last-name change because of marriage. In FY 2024, SSA released name-change due to marriage in 12 new states via iSSNRC. However, the number of states participating in the name-change due to marriage remains less than half of the states participating in no-change replacements.

To implement AARPS, SSA plans to release two online portals in November 2024 for appointed representatives and the claimants they represent. These portals will allow appointed representatives to view a list of claimants they represent, fee payment history, claim status, and business information. In addition, claimants will have the ability to view their representative contact information. In FY 2025, SSA plans to explore offering the following online options: appointment of representative, fee agreement, revocations, and withdrawal with automatic updates to downstream SSA program applications without intervention from SSA technicians.

Programs and Policies

On April 18, 2024, SSA published a final rule on *Intermediate Improvement to the Disability Adjudication Process: Including How We Consider Past Work*. Under the final rule, beginning in June 2024, when determining past relevant work, the Agency will review only 5 years of past work. Also, the Agency will no longer consider past work that started and stopped in fewer than 30 calendar days. The new rule makes it easier for people applying for benefits by focusing on their most current and relevant work activity while still providing enough information to continue making accurate determinations. Additionally, In September 2024, SSA reduced barriers to access the SSI program by expanding the definition of a public assistance household and removing food from In-Kind Support and Maintenance calculations.

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.
- Monitor National 800 Number wait times and determine if more staff is needed to address wait times outside of SSA goals.
- Ensure online services, offered through *my* Social Security, continue to enhance the customer service experience.
- Ensure any electronic applications offered through *my* Social Security accounts include an effective authentication process.

Key Related Links

- SSA, OIG Website - Published Reports from the Office of Audit
    - *Representative Payee Reviews and Educational Visits (A-13-17-50195)*
    - *Representative Payees Not in the Electronic Representative Payee System (052401)*
    - *Discrepancies in the Electronic Representative Payee System (052402)*
    - *Disabled Beneficiaries Receiving Direct Payments Who Previously Had Representative Payees (052403)*
    - *Follow-up on the Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums (012310)*
    - *Security of the Business Services Online (022329)*
    - *Social Security Administration's Enterprise Risk Management (022323)*
    - *Oversight of Medical Examinations for Disability Claims (012313)*
    - *Office of Special Counsel Referral: Spouses Subject to Age Reduction and Government Pension Offset (OSC File No. DI-24-000154)-Initial Analysis (Memorandum) (052407)*
    - *Reducing Processing Centers' Pending Actions (022313)*
    - *Social Security Administration's Policies Related to Outside Employment (022314)*
    - *Customer Wait Times in the Social Security Administration's Field Offices and Card Centers (152307)*
    - *Follow-up: The Social Security Administration's Implementation of Mail Procedures (042312)*
- SSA Website - Agency Strategic Plan FYs 2022-2026
- SSA Website - Annual Performance Plan for FYs 2023-2025
- SSA Website – SSA's FY 2025 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

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 National 800 Number or posting millions of wage reports to individuals' records 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. In November 2023, the Commissioner restructured the Office of Systems as the Office of the Chief Information Officer to provide strategic vision, align IT initiatives with overall business goals, and drive innovation. Before the restructure, the Chief Information Officer role was under the Office of the Deputy Commissioner of Systems. Since November 2023, SSA has had five Chief Information Officers, which has created challenges in guiding the Agency through changing cyber-security requirements.

Information and Cyber-security

SSA continues expanding its online services and developing systems to improve customer service. SSA must have a robust information security program. However, based on the FY 2024 report on the *Federal Information Security Modernization Act of 2014* (Pub. L. No. 113-283), our contract auditor assessed SSA's Information Security program as "Not Effective." The contractor identified deficiencies that could limit SSA's ability to protect its information systems and data. Specifically, our contractor continued to assess SSA's management and monitoring of IT and supply chain risks lower. The contract auditor recommended SSA continue refining its enterprise architecture system inventory, software, and hardware asset inventories; implementing its cyber-security risk management strategy; and improving its process for integrating and formalizing risk-based decisions into cyber-security program monitoring activities.

SSA faces the challenges of implementing newer cyber-security requirements and is still implementing the newest security domain—supply chain risk management. In March 2023, the White House issued the *National Cybersecurity Strategy*, which provides a framework to ". . . drive long-term efforts to defend the Federal enterprise and modernize Federal systems in accordance with zero trust principles that acknowledge threats must be countered both inside and outside traditional network boundaries." Zero trust is the term for an evolving set of cyber-security paradigms that move defenses from static, network-based perimeters to focus on users, assets, and resources. This strategy has set goals for the Government to build the collective defense of Federal agencies and modernize IT. In its FY 2024 *Federal Information Security Modernization Act* guidance, the Office of Management and Budget specified additional cyber-security areas, such as zero trust and Internet-of-Things security (Internet-of-Things devices include sensors, controllers, and smart devices).

Social Security Number Protection and Earnings Accuracy

The SSN was created to accomplish SSA's primary mission of identifying and accurately tracking numberholders' earnings over their lifetime to administer benefits under SSA programs. The SSN is also 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 an individual's earnings over their lifetime. As such, properly assigning SSNs to only those individuals authorized to obtain them, protecting SSN information once SSA assigns the numbers, ensuring numberholder information is complete in its systems, and accurately posting earnings reported under SSNs are critical.

SSA maintains suspended earnings, in the Earnings Suspense File, because missing earnings can affect an individual's eligibility for, and/or the amount of, retirement, disability, or survivor's benefits. Retaining suspended earnings allows individuals who have legitimate earnings that are missing from their earnings record to obtain proper credit when they provide the Agency with additional information substantiating their earnings. SSA also employs software routines that match earnings to the correct individuals' record. As of September 2024, the Earnings Suspense File has accumulated more than $2.3 trillion in wages and over 415 million wage items for Tax Years 1937 through 2023.

Progress the Social Security Administration Has Made

Information Security

SSA's updated Cybersecurity Risk Management Strategy provides a comprehensive approach for framing, assessing, responding to, and monitoring risks associated with SSA information and information systems and applies to all SSA components. In FY 2024, SSA restructured the Office of Systems as the Office of the Chief Information Officer to provide strategic vision, align IT initiatives with overall business goals, and drive innovation. Additionally, SSA created the Cybersecurity Risk Management Program Management Office to enable senior executives to prioritize risk and to make risk-based decisions backed by quantitative and qualitative metrics to assure critical operations and service delivery, to prioritize investments, and to maximize the impact of each dollar spent on cybersecurity. The Program Management Office continued to complete foundational activities and has developed a Cybersecurity Risk Management Project Plan Roadmap that outlines foundational and key activities through FY 2024.

In FY 2024, SSA migrated its enterprise architecture inventory to a new tool but needs to refine and integrate it with hardware and software inventory processes. SSA identified and managed common IT controls that SSA's applications and systems can inherit. SSA also assessed and accepted the risks of some control deficiencies identified by the annual *Federal Information Security Modernization Act* audit. Overall, our contract auditor found SSA's information security program ineffective for FY 2024 and noted improvements in several areas, including training and incident reporting.

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 use its SSN Verification Service to verify their employees' names and SSNs before they report wages to SSA. In FY 2024, employers used the SSN Verification Service more than 227 million times to verify SSNs.

What the Social Security Administration Needs to Do

- Address the deficiencies our contractor identified to improve SSA's ability to protect confidentiality, integrity, and availability of SSA's information systems and data.
- Continue to be vigilant in protecting SSNs.
- Improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving reporting problems, re-examining the validity and integrity checks used to prevent suspicious W-2, *Wage and Tax Statement*, from being posted; encouraging greater use of SSA's employee verification programs; and reviewing how best to remove more wage items from the Earnings Suspense File.

Key Related Links

- SSA, OIG Website – Published Reports from the Office of Audit
  - *The Social Security Administration's Information Security Program Practices for Fiscal Year 2024 (142401)*
  - *Security Assessment and Authorization Process (A-14-21-51093)*
  - *Security of Common Control Providers (142319)*
  - *Security of the Business Services Online (022329)*
- National Institute of Standards and Technology Website - Securing Web Transactions: TLS Server Certificate Management
- National Institute of Standards and Technology Website - Zero Trust Architecture
- White House Website - National Cybersecurity Strategy

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's programs and service delivery. SSA 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, SSA runs the risk of increased maintenance costs and decreased capacity to support business and processing needs.

Information Technology Modernization and Investment Management

IT modernization is a multi-faceted and continuing challenge. SSA must maintain its legacy systems while, in parallel, developing modern replacements to keep pace with increasing workloads. SSA has taken an incremental approach to IT modernization by replacing systems' components rather than whole systems. In 2020, SSA updated its *IT Modernization Plan* by expanding the scope to include additional investments in direct service delivery.

In support of its IT modernization, SSA used Agile development, which took an iterative approach to incrementally deliver software. While it developed and implemented policies, controls, and practices to manage its Agile projects, SSA's Agile guidance lacks a comprehensive structure and needs improvement in certain areas. Our August 2022 audit, *Agile Software Development at the Social Security Administration,* found a major IT project did not apply some key Agile practices or lacked effective Agile controls. For example, SSA did not properly prioritize development tasks and could not effectively track progress or accurately forecast for this IT project. Numerous completed quality control checklists did not identify the issues our audit found. In addition, although SSA significantly improved the Agile training program, the Agile teams for the IT project teams were not following key Agile practices. 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.

In addition, our contract auditor found SSA did not have a comprehensive plan for modernizing its legacy systems. It neither assessed the risk imposed by these legacy systems nor maintained sufficient inventory and costs information for its legacy systems critical for making strategic and investment decisions. Finally, SSA is still developing its enterprise architecture that should guide its modernization strategy.

Federal laws and guidance require that agencies properly manage IT Investments and facilitate the rapid adoption of changing technologies in a way that enhances information security, privacy, and management of information resources. However, recent audits have identified various issues. SSA did not maintain an Information Resources Management Strategic Plan and review that Plan annually with the Agency Performance Plan. In addition, the Agency paused a major IT investment after 6 years without delivering any software to production for users, stating the investment was no longer considered a priority. SSA did not have a plan to resume the IT project, and, if the project is not to be completed in the future, the expended $69 million will be largely wasted. As stated above, SSA lacked critical management information for its legacy systems for making strategic and investment decisions. Finally, SSA has not reviewed its investments according to its policy to confirm delivery of planned benefits within estimated costs and provide valuable feedback to its capital planning and investment control process for continuous improvement.

Artificial Intelligence

Artificial Intelligence (AI) is recognized as a pivotal technology that can benefit nearly every Federal agency. SSA has been expanding its use of AI technologies to bridge the gap on creating customer experience improvements even as it faces staffing shortages and budget uncertainty. However, using AI carries the potential for harm. SSA should establish proper oversight and identify primary areas where AI can help the Agency, such as program administration and fraud prevention and detection.

Progress the Social Security Administration Has Made

Information Technology Modernization

SSA developed its *Digital Modernization Strategy* to build on previous modernization efforts and guide it from FYs 2023 through 2026. It has become the guiding principle for meeting the Agency's strategic goals. Digital modernization is a "whole of agency" effort to upgrade or replace current processes, policies, and technologies to improve the customer and employee experience as well as the organization overall. This effort intersects business priorities with technology needs to provide the public tangible benefits. 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. SSA is working to ensure its next *Digital Modernization Strategy*, reflects the Agency's strategic direction for FYs 2024 through 2027.

In addition, SSA adopted an Agile scaling framework that defines roles and establishes recommended practices. The Agency further established and provided a training program based on Agile roles, developed and documented standards for its Agile project management tool, and leveraged more of the tool's capabilities.

Artificial Intelligence

SSA has instituted a temporary block of third-party generative AI tools on Agency devices. This was done to ensure the Agency does not release any personally identifiable information, personal health information, or other sensitive or non-public information using these tools. Individuals with a justified need may request access to third-party generative AI products.

What the Social Security Administration Needs to Do

- Expand digital modernization to eliminate investments in outdated and legacy technology and provide electronic and automated customer service options to reduce the burden on customers and optimize internal business processes for employees.
- Expand the use of AI to improve operations and public service, while protecting its sensitive information.

Key Related Links

- SSA, OIG Website – Published Reports from the Office of Audit
  - *Legacy Systems Modernization and Movement to Cloud Services (142312)*
  - *Security Assessment and Authorization Process (A-14-21-51093)*
  - *Development and Implementation of the Debt Management Product (142313)*
  - *Security of the Business Services Online (022329)*
- SSA Website – SSA's IT Modernization Plan, 2020 Update

Improve the Administration of Disability Programs

SSA needs to address concerns related to the timely and accurate processing of disability-related workloads, particularly initial disability claims, reconsiderations, and hearings. Also, SSA must work to ensure state DDSs have the necessary resources, including sufficient staff, to provide timely and accurate disability determinations.

Why This is a Challenge

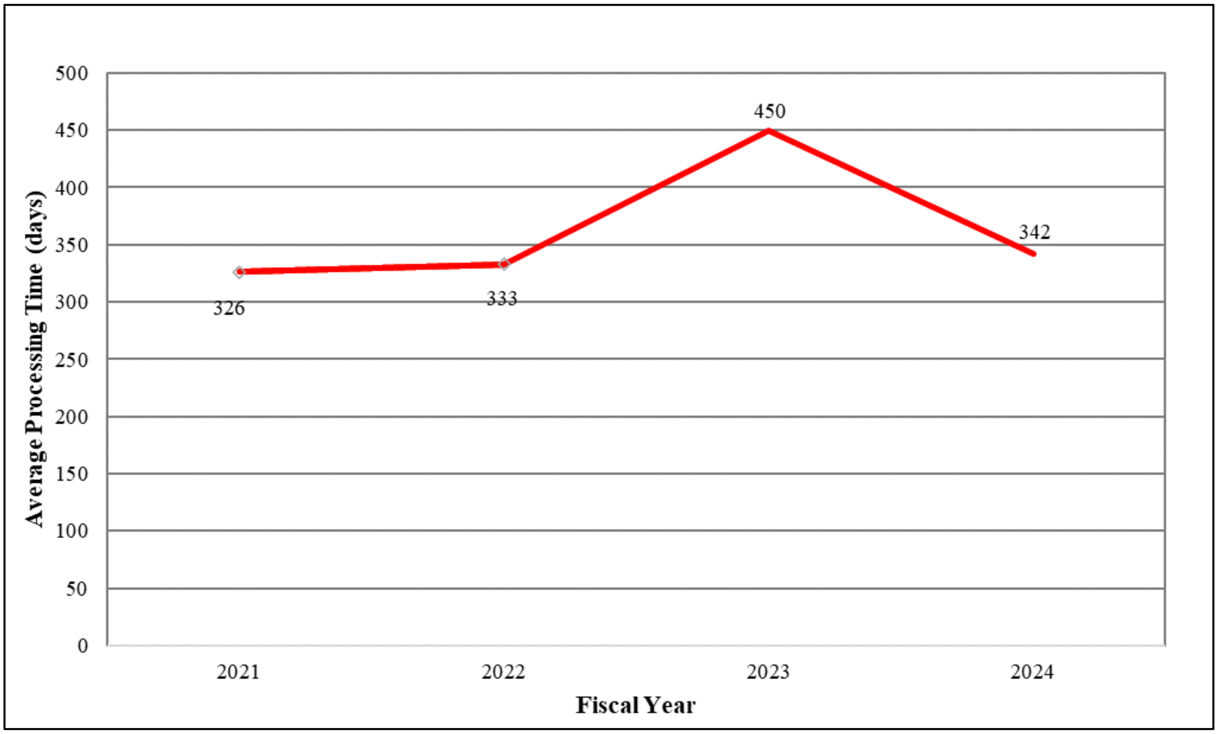
Disabled claimants rely on SSA to process initial disability claims, reconsiderations, and hearing requests quickly and accurately. Processing times and the pending levels for initial claims and reconsiderations have generally increased, which has resulted in disability claimants waiting longer for determinations and decisions. State DDSs have faced significant challenges in attracting, hiring, training, and retaining staff. This has lengthened wait times for disability claims processing. In addition, challenges in evaluating work and earnings for disability claimants and beneficiaries may result in inaccurate determinations and improper payments.

Disability Workloads

Pending initial disability claims and reconsiderations continued to increase from FY 2023. At the end of FY 2023, there were over 1.1 million initial claims pending and almost 290,000 reconsiderations pending. As of the end of September 2024, pending initial disability claims had increased to approximately 1.18 million, and pending reconsiderations had increased to over 331,000. Average processing times also increased over the same period, from 218 to 231 days for initial claims and from 213 to 231 days for reconsiderations.

From the end of FY 2023 to the end of FY 2024, SSA reduced the number of pending hearings by 19 percent from about 322,000 to about 262,000. Over the same period, the average processing time for hearings decreased from 450 to 342 days, as noted in Figure 4. Despite these reductions, processing time remains higher than recent years, and SSA still has not achieved its processing time goal of 270 days.

Figure 4: Average Hearings Processing Times



Disability and Work

When a claimant applies for disability benefits, an SSA field office determines whether the claimant meets such non-disability criteria as age and number of work credits. Our September 2024 review of *Earnings Evaluations for Disability Claimants* found SSA did not have sufficient controls to ensure it made accurate earnings evaluations at the initial and reconsideration levels of the application process for disability claimants. In our report, we estimated during Calendar Years 2018 through 2021, SSA did not develop work activity as required by policy for more than 809,000 beneficiaries. The identified errors occurred because SSA's controls did not identify lack of policy compliance or the need for work development until after employees completed their earnings evaluations.

If a disabled beneficiary works and SSA determines the beneficiary's work activity is substantial gainful activity (SGA), it may suspend or terminate benefits. A work-related overpayment may occur if disability beneficiaries fail to report their work or earnings to SSA timely or at all and/or SSA fails to act on work or earnings reports appropriately or timely.

In October 2023, the Government Accountability Office noted that overpayments may cause financial hardship for those who are liable and work-related overpayments may discourage disability beneficiaries from participating in return-to-work programs. Additionally, in 2024 SSA reported the *Work Overpayments Among New Social Security Disability Insurance Beneficiaries* study had found that 3.1 percent of those awarded Disability Insurance benefits in Calendar Year 2008 were overpaid at some point in the 10 years after their award. The average total overpayment was $13,556.

Disability Determination Services' Operations

Once a field office determines whether a claimant meets the non-disability criteria, such as age and the number of work credits, it typically forwards the claim to a DDS for a disability determination. DDSs are located in each of the 50 states, the District of Columbia, and Puerto Rico. Each DDS is responsible for obtaining medical evidence and determining whether a claimant is disabled or blind under the law.

SSA is facing a problem with its disability program, as DDSs experience challenges with recruitment, training, and retention to maintain staffing levels. In FY 2022, the overall DDS staff attrition rate was about 18 percent, and the attrition rate for disability examiners was about 25 percent. These were the highest rates DDSs had experienced in over 20 years. Since FY 2022, SSA's overall DDS staff and disability examiner attrition rates have decreased. Specifically, as of September 2024, the overall DDS staff attrition rate decreased to 11.4 percent and the disability examiner attrition rate decreased to 16.3 percent. However, staffing levels remain low even though attrition rates are decreasing.

Progress the Social Security Administration Has Made

Disability Workloads

In its *FYs 2023-2025 Annual Performance Plan and Report*, SSA included "Improve Initial Disability Claims" as an Agency Priority Goal. This Goal included targets to reduce average processing time for initial disability claims to 215 days and to decide 92 percent of pending initial disability claims that began the year 180-days-old or older by September 30, 2025. While its average processing time goal is not on target, as of July 2024, SSA had processed approximately 91 percent of its projected initial claims workload and exceeded its goals for processing reconsiderations. In addition, SSA exceeded its FY 2024 goal for processing full medical continuing disability reviews. SSA stated it is reviewing its policies, workloads, and processes to identify opportunities to improve and enable efficient and effective operations.

SSA works with external parties, particularly the advocacy community, to improve its disability programs. SSA leverages relationships with advocates and other external parties to gain perspective and help inform its decision making. To this end, from October 2023 through September 2024, SSA hosted quarterly *Roundtable Discussions with SSA and the Advocacy Community*. These meetings focused on important issues and such Agency priorities as improving services, including ideas for improving the disability program. Additionally, in March 2024, SSA began the series *Monthly Collaboration Session with Commissioner O'Malley and the Advocacy Community.* The meetings focus on agency priorities, policy changes, challenges, and recommended solutions to improve equity and access to SSA's programs.

Additionally, through its National Disability Forum, SSA allows interested stakeholders to share their unique insights on disability-related topics with SSA. SSA stated this inclusive, collaborative approach helps it develop responsive, effective, and efficient policies to empower individuals with a disability, minimize financial hardship, and ensure proper use of the disability trust fund. From October 2023 through September 2024, SSA hosted four advocate meetings to gather feedback and suggestions on such topics as disabled youth transitioning to adulthood, AI's possible effects on the landscape of Social Security, and removing barriers to accessing services in tribal communities.

SSA's Action Plan 2024 included a course of action to "Improve and Implement Disability Insurance Benefits Systems, Communications, Processes, and Policies to Enhance the Customer and Employee Disability Experience." To do so, SSA restored collateral estoppel, a pre-2018 policy that allows its employees to apply a prior disability determination if it was for the period covered by the new application. This change will help reduce duplication of effort and processing times. Additionally, SSA made sub-regulatory policy revisions and implemented associated systems changes to: (1) create efficiencies in the appointment processes, (2) reduce confusion for SSA employees and the public, and (3) result in administrative savings.

Disability and Work

As stated above, SSA has simplified the earnings evaluation process for disability claims. Beginning June 22, 2024, SSA reduced the required detailed work history period from 15 to 5 years. In February 2024, SSA issued a proposed rule to implement a payroll information exchange so beneficiaries may authorize SSA to obtain their wage and employment information directly from participating payroll data suppliers monthly. The exchange would reduce some beneficiaries' reporting responsibilities and, in turn, allow SSA to identify overpayments more quickly and reduce the quantity and size of overpayments to disability beneficiaries. The public comment period for this proposed rule closed on April 15, 2024. SSA is still reviewing and considering all public comments as it drafts the final rule.

Additionally, in October 2023, SSA implemented an Assistance Requests Dashboard to provide oversight of electronic requests for assistance between SSA components. In most cases, assistance requests are for evidence needed to make a disability determination. For example, work development, such as date last worked and SGA determination in prior work, is one of five common reasons the DDS sends an assistance request. Thus, the timely processing of assistance requests is critical for SSA to keep its overall disability processing time down and will, ultimately, result in better service to the public.

Disability Determination Services' Operations

Challenges with hiring, training, and retaining staff have limited DDS' capacity to improve their disability workload performance. SSA is working with DDSs to understand the underlying reasons for attrition, which is causing a loss of institutional knowledge and complicating knowledge transfer. To address hiring challenges, SSA is enhancing its Strategic Workforce Planning to ensure it effectively hires, develops, and retains a talented and diverse workforce. Specifically, SSA plans to collaborate with Federal and state stakeholders to improve DDS retention and aid in recruiting qualified employees.

Because of SSA's continued efforts to work with DDSs and regional teams to improve recruitment and retention of DDS employees, such as centralized training resources and best practices for morale or retention, the Agency has seen noticeable reductions in its attrition rates in FY 2024 compared to FY 2023. In its FY 2025 budget request, SSA is seeking additional funding for DDSs to address initial claims wait times and reduce the claims backlog. The requested funding, if received, should allow DDSs to recruit and retain employees and process more claims.

What the Social Security Administration Needs to Do

- Maintain its focus on reducing initial disability claims and reconsideration pending levels.
- Continue developing relationships with advocacy groups and other external stakeholders to obtain feedback it can use to inform decisions to improve its administration of disability programs.
- Continue simplifying and establishing controls for work and earnings determinations for disability claimants and beneficiaries.
- Continue partnering with DDSs to address staff shortages caused by attrition and hiring challenges.
- Encourage all DDSs to share best practices identified to improve disability operations nationwide.

Key Related Links

- SSA, OIG Website–Published Reports from the Office of Audit
  - *Earnings Evaluations for Disability Claimants (A-07-21-51017)*
  - *Supplemental Security Income Ineligibility Determinations and Payment Suspensions Based on Failure to Provide Information (A-02-22-51135)*
  - *Disability Waiting Period Exclusions (072304)*
  - *The Social Security Administration's Processing of Priority Cases (A-04-21-51033)*
  - *Oversight of Medical Examinations for Disability Claims (012313)*
- SSA Website – SSA's Agency Strategic Plan, FYs 2022-2026
- SSA Website – SSA's FYs 2023-2025 Annual Performance Plan and Report
- SSA Website – SSA's 2024 Action Plan
- SSA Website – FY 2025 President's Budget Overview
- SSA Website – Working While Disabled: How We Can Help
- GAO Website - Disability Insurance: SSA Faces Ongoing Challenges with Overpayments | U.S. GAO

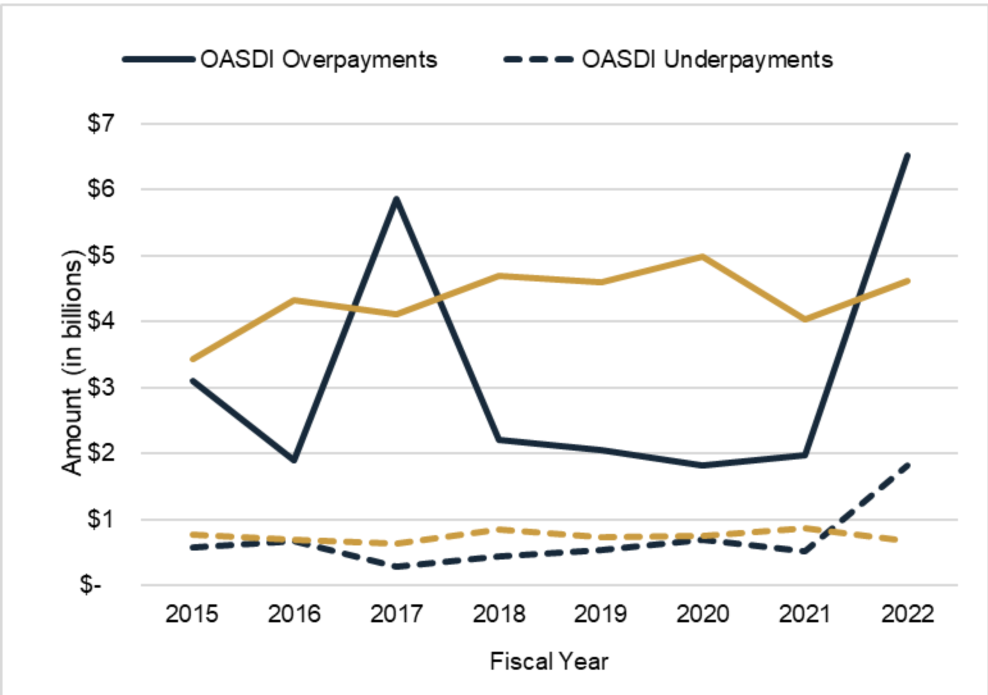
Improve the Prevention, Detection, and Recovery of Improper Payments

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

In our July 2024 report, *Preventing, Detecting and Recovering Improper Payments*, we stated that SSA is responsible for issuing over $1 trillion in Old-Age, Survivors, and Disability Insurance (OASDI) benefits and Supplemental Security Income 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. From FYs 2015 through 2022, SSA paid almost $8.6 trillion in benefits and made approximately $71.8 billion (0.84 percent) in improper payments, most of which were overpayments (see Figure 5).

Figure 5: SSA Program Improper Payments, FYs 2015 through 2022



Causes of Improper Payments

SGA, computations, and errors involving relationship and dependency were the leading causes of OASDI overpayments whereas financial accounts and wages were leading causes of SSI improper payments. Beneficiaries and recipients are required to report to SSA any change in circumstances (wages and financial accounts) that may affect their benefits; however, they do not always comply. In its *Fiscal Year 2023 Title XVI Payment Accuracy Report,* SSA noted its reliance on individuals' self-reporting information to SSA underscores the need for the Agency to develop alternate sources of collecting the information.

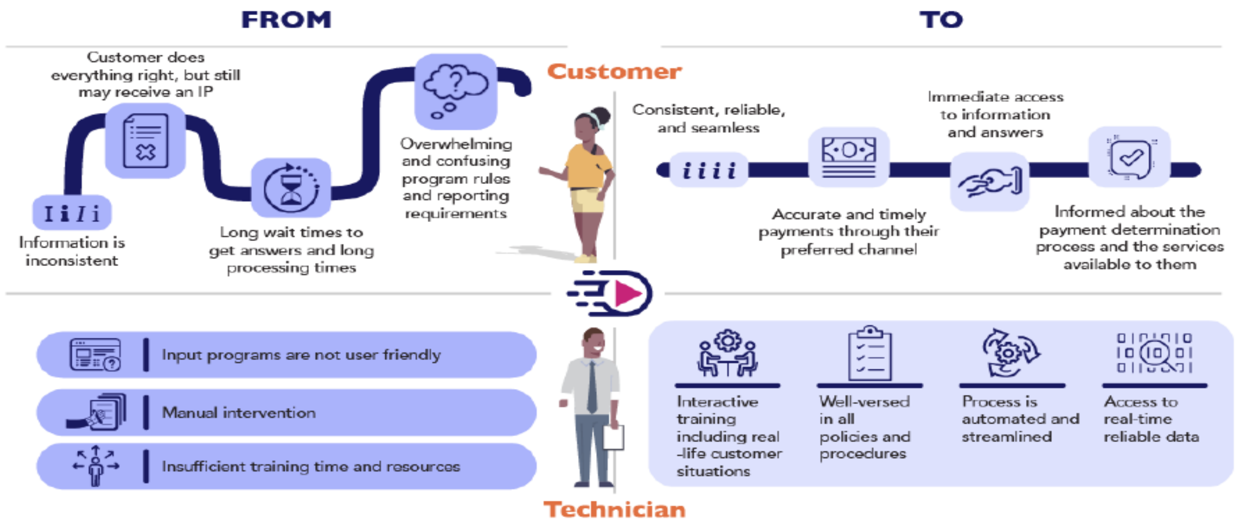
Additionally, although SSA's systems automatically process many transactions, there are still workloads that require employees' manual actions, which could contain errors that could lead to improper payments. For example, in our April 2024 report *Impact of Undetected Marriages on Social Security Administration Payments*, we estimated SSA improperly paid approximately 16,631 SSI recipients and OASDI beneficiaries $240.9 million when there was a name change because of marriage. On average, SSA overpaid these individuals $13,458 over 30.6 months since the date of a name change. When a person changes their name, SSA systems do not automatically determine whether they are receiving benefits. SSA does not know about a marriage until an individual reports it. Once SSA is informed an OASDI beneficiary or SSI recipient has married, employees must take manual actions to update the payment records. Yet, SSA did not always do this, which led to overpayments.

Preventing improper payments is more cost-effective than recovering them after they are madebecause SSA does not have to expend additional resources to recover the overpayments or process additional payments to rectify underpayments. Obtaining data that assist with making eligibility and payment determinations from external sources, such as other Federal agencies, state agencies, and financial institutions, is critical to preventing and detecting improper payments.

Progress the Social Security Administration Has Made

SSA notes in its *Agency Strategic Plan for FYs 2022-2026* that it continues to address the root causes of improper payments and improve payment accuracy (including over- and underpayments). Additionally, SSA has developed a vision for addressing improper payments (see Figure 6).

Figure 6: SSA's Vision of the Future State of the Payment Experience



Note: IP = improper payment in Figure 2. Source: SSA, Improper Payment, Package of Reduction Initiatives, FY 2024, 2nd Quarter, last updated May 15, 2024

In March 2024, SSA cut back on some of its efforts to recover overpayments in order to improve its service to millions of people who depend on its programs and avoid unintentional harm. Specifically, in March 20, 2024 testimony before the Senate Special Committee on Aging, the Commissioner announced the Agency would:

1. Cease the practice of withholding 100 percent of an overpaid individual's monthly Social Security benefit by default if they fail to respond to the Agency's request for repayment. Instead SSA is now using a default withholding rate of 10 percent of monthly benefits—similar to the rate for recovery in the SSI program.
2. Reframe its guidance and procedures so the burden of proof shifts from the claimant in determining whether there is evidence the claimant was at fault in causing the overpayment.
3. Change Agency policy so it will lower repayment request plans of up to 60 months without documentation. To qualify, Social Security beneficiaries would only need to provide a verbal summary of their income, resources, and expenses. This change extended this easier repayment option from 36 to 60 months.
4. Simplify how overpaid beneficiaries request a waiver of repayment in the event they believe the overpayment is not their fault and they do not have the ability to repay or they believe paying back the Agency is unfair for some other reason.

In FY 2024, SSA continued monitoring the progress of mitigation strategies and corrective actions to address improper payments. For example, to address improper payments due to wages and SGA, in FY 2019, SSA awarded a contract to build an information exchange to obtain monthly earnings data from third-party payroll data providers. In February 2024, SSA published a notice in the Federal Register to inform the public of Proposed Rules for using electronic payroll data to improve program administration. SSA expects to publish its final rule covering its use of electronic payroll data in early 2025, meaning implementation would take place sometime in Spring 2025.

As noted in our May 2024 report *The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019*, we concluded SSA did not comply with one reporting requirement because it did not demonstrate improvements to payment integrity when the improper and unknown payment rates for the OASDI and SSI programs increased from FY 2021 to FY 2022.

What the Social Security Administration Needs to Do

- 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.
- 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.
- Continue to address the root causes of improper payments to prevent their occurrence.

Key Related Links

- SSA, OIG Website –Published Reports from the Office of Audit
  - *The Social Security Administration's Information Security Program Practices for Fiscal Year 2024 (142401)*
  - *Match of National Missing and Unidentified Persons System Information Against Social Security Administration Records (062402)*
  - *Unclaimed Social Security Administration Assets Held by States and the District of Columbia (062329)*
  - *Supplemental Security Income Recipients Who Under-report Financial Account Balances (A-02-21-51028)*
  - *Discrepancies in the Electronic Representative Payee System (052402)*
  - *Disabled Beneficiaries Receiving Direct Payments Who Previously Had Representative Payees (052403)*
  - *Follow-up on the Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums (012310)*

- *Follow-up Review of Numident Death Information Not Included on the Death Master File (062301)*
- *Cross-referred Social Security Numbers (062308)*
- *Challenges in Recovering Supplemental Security Income Overpayments (A-07-21-51018)*
- *Preventing, Detecting, and Recovering Improper Payments (072401)*
- *Office of Special Counsel Referral: Spouses Subject to Age Reduction and Government Pension Offset (OSC File No. DI-24-000154)-Initial Analysis (Memorandum) (052407)*
- *Widow(er)s at or Beyond Full Retirement Age (Memorandum) (032316)*
- *Match of State Department Death Information Against Social Security Administration Records (062313)*
- *Disability Payments to Beneficiaries or Recipients Receiving Illinois or Texas Workers' Compensation Benefits (A-06-20-50922)*
- *Using Medicare Claim Data to Identify Deceased Beneficiaries Aged 80 to 89 (Memorandum) (042301)*
- *Impact of Undetected Marriages on Social Security Administration Payments (012317)*
- *The Social Security Administration's Enforcement of the Earnings Test (A-08-21-50149)*
- *Match of Puerto Rico Death Information Against Social Security Administration Records (022332)*
- *Auxiliary Beneficiaries Who Do Not Have Their Own, or Have an Incorrect, Social Security Numbers (012312)*

- SSA Website – Repay overpaid Social Security benefits
- SSA Website - Overpayments Fact Sheet - Overpayments (ssa.gov)
- Federal Payment Accuracy Website – PaymentAccuracy.gov

OTHER REPORTING REQUIREMENTS

Payment Integrity

Background

We take seriously our responsibility to ensure eligible individuals receive the benefits to which they are entitled, and to safeguard the integrity of benefit programs to better serve our customers. Our employees work hard to pay the right person the right amount at the right time. Ensuring program stewardship is one of our three agency strategic goals.

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), Supplemental Security Income (SSI), and Administrative Payments programs. As good stewards of our resources and taxpayer funds, these workloads help ensure eligible individuals timely receive the benefits to which they are entitled and safeguard the integrity of benefit programs 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 overpayments (OP) and underpayments (UP), from our stewardship reviews of the nonmedical aspects of the OASDI and SSI programs. We conduct Medical Continuing Disability Reviews (CDR) to determine whether disability beneficiaries 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 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.

PIIA requires agencies to review and assess all programs with annual outlays greater than $10,000,000 for IP risk at least once every three years to identify those susceptible to significant IPs. 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 in Phase 1. Per this definition, our Administrative Payments program is in Phase 1. Our assessment of IP risk in our Administrative Payments program in FY 2024 determined that the program is not susceptible to significant IPs. We will conduct another IP risk assessment of our Administrative Payments program in FY 2027. 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 a different set of requirements such as reporting an annual IP and unknown payment estimate. Our OASDI and SSI programs are in Phase 2. Additional information about the IPs, root causes, and corrective actions in our programs can be found on PaymentAccuracy.gov.

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*.

Overview

We are committed to ensuring we issue accurate payments to eligible individuals at the right time. Our internal quality reviews indicate that our FY 2023 OASDI benefit payments were 99.76 percent free of OPs, and 99.94 percent were free of UPs. For the same year, 90.82 percent of all SSI payments were free of OP, and 98.56 percent were free of UP. FY 2024 data will be available in the summer of FY 2025.

While our payment accuracy rates, including both OPs and UPs, are high, even small error rates add up to substantial IP amounts given the magnitude of the benefits we pay each year. For instance, based on our FY 2023 stewardship reviews, we estimate that we paid over $1.4 trillion in benefit payments. Our combined OPs and UPs for OASDI totaled approximately $4.1 billion. The combined OPs and UPs for SSI totaled approximately $6.5 billion. With each tenth of a percentage point in payment accuracy representing about $1.4 billion in OASDI and $61.0 million in SSI program outlays, we are focused on combatting the leading causes of IPs and improving program integrity to protect taxpayer dollars.

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

OASDI Improper Payments

OASDI Improper Payment Experience

Based on our stewardship reviews, we estimate that we paid approximately $1.4 trillion to OASDI beneficiaries in FY 2023. Of that total, we estimate $3.3 billion were OPs, representing approximately 0.24 percent of outlays. We estimate that UPs during this same period were $0.8 billion, the equivalent of approximately 0.06 percent of outlays. The following table shows our estimated IPs in the OASDI program broken out by OMB's IP cause categories.

FY 2023 OASDI Improper Payments[1, 2, 3, 4]
(Dollars in Millions)

	Dollars	Percent of Outlays
Outlays	$1,352,425.85	
Proper Payments	$1,348,333.17	99.70%
Improper Payments	$4,092.67	0.30%
Overpayments	$3,259.31	0.24%
Within the Agency's Control	$850.88	0.06%
Data or Information Needed Does Not Exist	$0.00	0.00%
Inability to Access Data or Information Needed	$0.00	0.00%
Failure to Access Data or Information Needed	$850.88	0.06%
Outside the Agency's Control	$2,408.44	0.18%
Data or Information Needed Does Not Exist	$0.00	0.00%
Inability to Access Data or Information Needed	$2,408.44	0.18%
Failure to Access Data or Information Needed	$0.00	0.00%
Non-Monetary Loss Improper Payments	$833.36	0.06%
Underpayments	$833.36	0.06%
Data or Information Needed Does Not Exist	$0.00	0.00%
Inability to Access Data or Information Needed	$52.29	0.00%
Failure to Access Data or Information Needed	$781.07	0.06%
Technically Improper Payments	$0.00	0.00%
Unknown Payments	$0.00	0.00%
Improper Payments + Unknown Payments	$4,092.67	0.30%

Notes:

1. Amounts are estimated amounts from the FY 2023 annual stewardship reviews and may vary from actual amounts. FY 2024 data will be available in the summer of FY 2025.
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 5 years show the major causes of IPs in the OASDI program are relationship and dependency, beneficiaries' employment activity (referred to as substantial gainful activity (SGA)), and errors in computations, accounting for 31, 25, and 18 percent of OASDI IPs, respectively. The major causes of OPs are relationship and dependency, SGA, and errors in computations, accounting for 40, 23, and 13 percent of OASDI OPs, respectively. The major cause of UPs is errors in computations, which accounts for 67 percent of OASDI UPs. OASDI IPs occur due to beneficiaries' failure to report changes that may affect benefits, or our failure to update benefit amounts 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 OASDI program can be found on PaymentAccuracy.gov.

Relationship and Dependency

Description:

Over the last 5 years, relationship and dependency errors account for 31 percent of OASDI IPs. Marital standing and child relationship factors are material when determining entitlement to certain auxiliary and survivor benefits. Technicians must establish the existence, duration, and validity of a marriage when the present or former marriage to the insured worker is a factor of entitlement. These errors occur when a beneficiary does not report a marriage, divorce, or remarriage timely.

Payment errors based on relationship and dependency correspond to the following OMB IP cause categories in the FY 2023 OASDI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; and Overpayments/Outside the Agency's Control/Inability to Access Data or Information Needed.

Total projected OP deficiency dollars for FY 2019 through FY 2023: $6.3 billion

Annual average: $1.3 billion

Corrective Actions:

The findings from our stewardship reviews inform the agency's corrective action plans to reduce IPs. Through the Improper Payments Alignment Strategy (IPAS) process, we determine the most cost-effective strategies to remediate the underlying cause of the IP, and we monitor, measure, and revise the strategies, as needed. Because marital status and relationship reporting deficiencies recently became a leading cause of OASDI OPs in FYs 2022-2023, we will be developing an IPAS on this subject matter in FY 2025. In the interim, in FY 2024, we published several blogs and Social Security TV slides in field office waiting areas on the importance of reporting relationship changes to us for OASDI beneficiaries to improve the responsiveness of beneficiaries and recipients in self-reporting information that impacts benefit payments.

Computations

Description:

Over the last 5 years, errors in our computations account for 25 percent of OASDI IPs. We determine a person's benefit amount based on several factors, including age, earnings history, and the type of benefit awarded. Windfall Elimination Provision (WEP) computations also result in IPs. 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 FY 2023 OASDI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; Overpayments/Outside the Agency's Control/Inability to Access Data or Information Needed; Underpayments/Inability to Access Data or Information Needed; and Underpayments/Failure to Access Data or Information Needed.

Total projected OP and UP deficiency dollars for FY 2019 through FY 2023: $5.2 billion

Annual average: $1.0 billion

Corrective Actions:

In FY 2025, we will complete an IPAS on Computations. Additionally, we are taking the following actions to address IPs related to computations:

- **Robotic Processing Automation:** We developed processes using UIPath software. In FY 2021, we pursued a contract with UIPath software, to create 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, several BOTs have been created and placed into production. Use of BOTs reduces keystrokes and manual coding and detects exceptions and alerts before they occur. In FY 2025, we plan to enhance the existing RPA scripts and identify opportunities to automate computations and inputs to reduce input errors. We are making a long-term investment in robotics technology using the software to improve business processes and eliminate manual actions.
- **Federal Employees' Compensation Act Data:** We developed a data exchange for the *Federal Employees' Compensation Act* (FECA) data that we are on track to execute in FY 2025. The FECA workers' compensation program, which is administered by the Department of Labor (DOL), provides coverage to three million Federal and Postal workers. Receipt of FECA benefits can offset OASDI benefits. In December 2023, the agency established an eCOMP system Memorandum of Understanding with DOL to obtain FECA benefits to allow the agency to offset OASDI benefits and prevent or reduce OPs. Technicians can complete an ad hoc query in eCOMP to obtain FECA data, the FECA payment status, dates, amounts and it is immediately available to the technician via the eCOMP portal.

- **Comprehensive Corrective Action Plan for Windfall Elimination Provision and Government Pension Offset:** WEP applies when the wage earner receives Social Security retirement or disability benefits and 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 spouse's 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. We developed policy, data, systems, and training solutions in line with each of the root causes of IPs. 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. In FY 2023, the WEP/GPO calculator was added to the redesigned [SSA.gov](SSA.gov) website. In FY 2023, there was an increase in IPs related to WEP, but overall, since FY 2017, there has been a significant reduction in IPs related to WEP and GPO. In March 2024, we provided detailed information to technicians regarding the importance of securing non-covered Government Pension data timely, when applicable, in order to calculate the correct benefit amount.

Substantial Gainful Activity

Description:

SGA is continuously a leading cause of OPs in the OASDI program, accounting for 18 percent of OASDI IPs over the last 5 years. When disability beneficiaries work, several factors determine whether they remain eligible for monthly benefits. Beneficiaries' failure to report earnings in a timely manner accounts for 86 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 FY 2023 OASDI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; and Overpayments/Outside the Agency's Control/Inability to Access Data or Information Needed.

Total projected OP deficiency dollars for FY 2019 through FY 2023: $3.6 billion

Annual average: $0.7 billion

Corrective Actions:

We are exploring ways that will make it easier for beneficiaries and employers 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:** To reduce the reliance on self-reporting of wages, we are developing new wage reporting tools, such as an automated information exchange with commercial payroll data providers authorized by section 824 of the *Bipartisan Budget Act of 2015*, now referred to as the Payroll Information Exchange (PIE). In February 2024, we published a Notice of Proposed Rulemaking (NPRM) describing the agency's plans for accessing and using information from payroll data providers to reduce IPs, which improves service to customers. The public comment period closed on April 15, 2024. We are carefully considering the comments as we draft the final rule. In FY 2024, we completed design of the automated PIE wage reporting notices and created a limited issue diary to alert technicians when incoming wage and employment information from PIE doesn't automatically post to the SSI record, requiring manual review and action. We plan to implement PIE after the final rule (regulation) is established. This timeline will ensure compliance with rulemaking requirements and allow us to respond to public concerns from the NPRM public comment period.
- **Continuing Disability Review Product:** We are developing the CDR Product. The CDR Product is a project to streamline the CDR process, increase efficiencies, and reduce IPs. The multifaceted product is comprised of four separate workstreams: Work CDR, Medical CDR, Electronic Disability Collect System (EDCS), and CDRs Modernization, across several component business and systems sponsors. In FY 2023, CDR Product released the i454 which allows adult beneficiaries with an online option to file the SSA-454 or a Medical CDR Report. When the customer uses this online version, the technician's process is streamlined and allows for quicker processing. In FY 2024, we released Multiple Pending Claim functionality to the EDCS that will reduce the reliance on paper processing. The eWork system, which processes and controls OASDI return-to-work cases, is now Multi-Factor Authentication (MFA) compliant. We are currently developing a modernized replacement of eWork which will be integrated into the existing EDCS application. The eWork replacement will reinforce policy and intuitively drive best practices to reduce IPs. In FY 2024 we made technical releases for the eWork replacement. We will release the minimum viable product to technicians in tandem with retiring eWork by the end of FY 2025.
- **Reporting Responsibilities:** Section 826 of the *Bipartisan Budget Act of 2015* required the Commissioner (COSS) to establish and implement a system permitting DI beneficiaries to report their earnings electronically. Our myWageReport (myWR) online application, allows DI beneficiaries, SSI recipients, concurrent beneficiaries, and representative payees to report wages and view, print, or save a receipt. DI self-reporters and their representative payees can report wages that occurred within a two-year timeframe from the reporting date. We promote use of our online wage reporting application, myWR, on social media with training videos. From October 2023 through February 2024, we released social media posts on Facebook and X sharing a link to our YouTube video to help beneficiaries learn why it is important to report wages and the automated electronic options for wage reporting.
- **Simplify Notices and Communications:** We are working to simplify our notices and communications. Some of our notices and communications can be complex, lengthy, and difficult to comprehend. The difficulty can sometimes result from the complexity of our programs and legal requirements to communicate certain information. We are

currently updating the Work Activity Report (SSA-821), to make it more understandable and more likely to be completed by applicants and beneficiaries. We use form SSA-821 to collect information about applicant's and beneficiary's work, applicable work incentives, and non-work-related pay. It allows us to make accurate decisions as to whether beneficiaries are performing SGA. We developed a Work Incentive Notice pilot for increasing completion of the SSA-821 by sending beneficiaries pre-notices that incorporate behaviorally informed language to encourage completion of these reports. In addition, throughout 2024 we reviewed new and revised agency notices for both clear messaging and plain language.

- **WorkSmart:** WorkSmart is a tool that identifies DI beneficiaries whose earnings put them at risk for being overpaid. We created the WorkSmart project to reduce IPs by alerting cases quickly after the beneficiary starts to work. In FY 2024, WorkSmart continued to alert cases for work CDRs based on available earnings data. WorkSmart will use PIE data when available to alert cases for a work CDR. We will continue to use WorkSmart to reduce OPs.

SSI Improper Payments

SSI Improper Payment Experience

Based on our stewardship reviews, we estimate that we paid approximately $61.0 billion to SSI recipients in FY 2023. Of that total, we estimate $5.6 billion were OPs, representing approximately 9.18 percent of outlays. We estimate that UPs during this same period were $0.9 billion, the equivalent of approximately 1.44 percent of outlays. The following table shows our estimated IPs in the SSI program broken out by OMB's IP cause categories.

FY 2023 SSI Improper Payments[1, 2, 3, 4]
(Dollars in Millions)

	Dollars	Percent of Outlays
Outlays	$61,048.75	
Proper Payments	$54,565.90	89.38%
Improper Payments	$6,482.84	10.62%
Overpayments	$5,604.97	9.18%
Within the Agency's Control	$346.69	0.57%
Data or Information Needed Does Not Exist	$0.00	0.00%
Inability to Access Data or Information Needed	$0.00	0.00%
Failure to Access Data or Information Needed	$346.69	0.57%
Outside the Agency's Control	$5,258.28	8.61%
Data or Information Needed Does Not Exist	$463.82	0.76%
Inability to Access Data or Information Needed	$4,794.46	7.85%
Failure to Access Data or Information Needed	$0.00	0.00%
Non-Monetary Loss Improper Payments	$877.87	1.44%
Underpayments	$877.87	1.44%
Data or Information Needed Does Not Exist	$306.64	0.50%
Inability to Access Data or Information Needed	$388.44	0.64%
Failure to Access Data or Information Needed	$182.79	0.30%
Technically Improper Payments	$0.00	0.00%
Unknown Payments	$0.00	0.00%
Improper Payments + Unknown Payments	$6,482.84	10.62%

Notes:

1. Amounts are estimated amounts from the FY 2023 annual stewardship reviews and may vary from actual amounts. FY 2024 data will be available in the summer of FY 2025.
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 5 years show the major causes of IPs in the SSI program are changes in financial accounts, wages, and in-kind support and maintenance (ISM), which account for 28, 24, and 9 percent of SSI IPs, respectively. The major causes of OPs are changes in financial accounts, wages, and ISM, which account for 32, 20, and 5 percent of SSI OPs, respectively. The major cause of UPs is changes to ISM, which accounts for 28 percent of SSI UPs. SSI IPs occur due to recipients' failure to report or our failure to update payments 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 IPs is financial accounts with countable resources over the allowable resource limits, accounting for 28 percent of SSI IPs over the last five years. 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.

Payment errors based on financial accounts correspond to the following OMB IP cause category in the FY 2023 SSI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; and Overpayments/Outside the Agency's Control/Inability to Access Data or Information Needed.

Total projected OP deficiency dollars for FY 2019 through FY 2023: $8.5 billion

Annual average: $1.7 billion

Corrective Actions:

We are taking the following actions to address IPs related to financial accounts:

- **Non-medical Redeterminations/Limited Issues:** A non-medical SSI redetermination (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 a predictive model to estimate the likelihood and magnitude of OPs to select cases for discretionary RZs. Other cases are selected for RZs outside our modeling process based on selected case characteristics, such as manual deeming of income. The RZ process also selects limited issue (LI) reviews, which are reviews 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. In December 2023, we issued guidance on achieving FY 2024 RZ and LI workload goals, with reminders to field offices about best practices and following the order of priority when scheduling RZs and LIs. In FY 2024, we completed more than 2.5 million SSI non-medical RZs and LIs. We plan to process about 2.5 million SSI RZs and LIs in FY 2025.

- **Access to Financial Institutions:** The purpose of Access to Financial Institutions (AFI) is to identify resources in financial accounts; excess resources are a leading cause of SSI payment errors. The AFI program uses an electronic process with participating financial institutions to verify bank account balances and detect undisclosed accounts in up to 10 nearby banks based on the residential address. In March 2023, we released Policy in Focus training and issued a frontline broadcast to remind technicians of AFI and SSI financial accounts policy. In August 2023, we issued a frontline broadcast to ensure that technicians are reviewing the financial account pages in the SSI claims path for accuracy before adjudicating an event. In FY 2024, we began analysis on optimizing the use of AFI. We expect to conclude our study on optimal frequency for use of AFI and related recommendations in FY 2025.

- **Consolidated Claims Experience:** 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. Currently, only SSI is available in CCE, with additional claim types (i.e., OASDI and Title 18, Medicare) to be added in future releases. In FY 2023, there were several CCE updates in the SSI program to improve CCE software performance, correct software problems, and respond to employee feedback. In December 2023, CCE Announcements became available. Now, when updates are made within CCE, the technicians receive a brief message the first time they access the application describing the changes. Hyperlinks will be provided for the user to access more in-depth information. This enhancement is designed to assist our busy technicians by providing just-in-time information within CCE, so they do not have to pause and locate references related to CCE.

- **Simplify Notices and Communications:** We have been working to simplify our communications and target our outreach so recipients better understand reporting requirements. For example, we updated a blog for "Social Security Matters" that focuses on the importance of SSI recipients reporting their financial accounts and any changes related to financial accounts to us. In an effort to increase responsiveness of beneficiaries and recipients in self-reporting information that impacts payments, we used behavioral insights methods to improve the clarity and effectiveness of the blog.

- **Evaluation of Corrective Actions:** We developed a logic model framework to measure the effectiveness of completed corrective actions that includes establishing benchmarks to evaluate the corrective actions, assessing the impact, if possible, and determining whether additional mitigation activities are necessary. In FY 2024, we completed the evaluation of completed actions for financial accounts.

Wages

Description:

For more than a decade, wage discrepancies have been one of the leading causes of SSI IPs, accounting for 24 percent of SSI IPs over the last 5 years. Wage discrepancies occur when the recipient or their deemor has actual wages that differ from the wage amount we used to calculate the SSI payment, either because the recipient failed to report a change, or we failed to make changes to payments in a timely manner.

Payment errors based on wages correspond to the following OMB IP cause categories in the FY 2023 SSI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; Overpayments/Outside the Agency's Control/Inability to Access Data or Information Needed; Underpayments/Inability to Access Data or Information Needed; and Underpayments/Failure to Access Data or Information Needed.

Total projected OP and UP deficiency dollars for FY 2019 through FY 2023: $7.2 billion

Annual average: $1.4 billion

Corrective Actions:

We are taking the following actions to address IPs related to wages:

- **Payroll Information Exchange:** Please see our discussion of PIE under Corrective Actions for Substantial Gainful Activity in the OASDI Improper Payment Causes and Corrective Actions section.
- **Non-medical Redeterminations/Limited Issues:** 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.
- **SSA Mobile Wage Reporting App:** SSI recipients, deemors, and representative payees may use the SSA Mobile Wage Reporting App (available for download at no cost from Google Play and Apple App) to report wages and ensure payment accuracy. We implemented MFA in September 2023. In FY 2024, we continued non-public facing technical enhancements to the application to offer a more secure method of authentication for application users.
- **Reporting Responsibilities:** We promote use of our online wage reporting application, myWR, on social media with training videos including information about the importance of creating a *my* Social Security account; how to submit wages using myWR, SSA Mobile Wage Reporting, or SSI Telephone Wage Reporting; who can report; and reminders on reporting responsibilities. From October 2023 through February 2024, we published social media posts on Facebook and X sharing a link to our YouTube video to help beneficiaries learn why it is important to report wages and the automated electronic options for wage reporting.
- **Simplify Notices and Communications:** We are currently updating the SSA-821 to make it more understandable and more likely to be completed by applicants.

In-Kind Support and Maintenance

Description:

ISM has been the third-leading cause of OPs and the leading cause of UPs, accounting for 9 percent of SSI IPs over the last 5 years. 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. 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 OPs and UPs related to ISM. Recipients and representative payees 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. Self-reporting is the primary tool we use to obtain information on changes that affect ISM.

Payment errors based on ISM correspond to the following OMB IP cause categories in the FY 2023 SSI Improper Payments table: Overpayments/Within the Agency's Control/Failure to Access Data or Information Needed; Overpayments/Outside the Agency's Control/Data or Information Needed Does Not Exist; Underpayments/Data or Information Needed Does Not Exist; and Underpayments/Failure to Access Data or Information Needed.

Total projected OP and UP deficiency dollars for FY 2019 through FY 2023: $2.7 billion

Annual average: $0.5 billion

Corrective Actions:

We are taking the following actions to address IPs related to ISM:

- **Policy Changes:** The process and policies as well as statutory and regulatory requirements to administer ISM are complicated and pose challenges to the administration of our programs. As of September 30, 2024, we made three updates as part of the SSI regulation simplification (although they will not be reflected in the current IP numbers, as the IP rates reported in this AFR are for FY 2023):
    - Omitting Food from ISM Calculations – The rule no longer counts as ISM an applicant's or recipient's receipt of informal food assistance from friends, family, and community networks of support. The new policy further helps in several important ways: the change is easier to understand and use by applicants, recipients, and agency employees; applicants and recipients have less information to report about food assistance received from family and friends, removing a significant source of burden; the reduced month-to-month variability in payment amounts will improve payment accuracy; and the agency will see administrative savings because less time will be spent administering food ISM.
    - Expanding the Rental Subsidy – This expands nationwide the SSI rental subsidy policy, which was only available to SSI applicants and recipients residing in seven States (Connecticut, Illinois, Indiana, New York, Texas, Vermont, and Wisconsin).

Under the rule, rental assistance, such as renting at a discounted rate, is less likely to affect a person's SSI eligibility or payment amount. This may increase the benefit amount some people are eligible to receive and will allow more people to qualify for critical SSI payments.

- Expanding the Definition of a Public Assistance Household – This expands the definition of a public assistance household to include households receiving Supplemental Nutrition Assistance Program payments and households where only some members receive public assistance. The expanded definition will allow more people to qualify for SSI, increase some SSI recipients' payment amounts, and reduce reporting burdens for individuals living in public assistance households.

- **National Change of Address:** We have a National Change of Address (NCOA) contract and data exchange agreement with the U.S. Postal Service (USPS) for the OASDI program. We are electronically notified when an OASDI beneficiary reports an address change to the USPS, and in most cases, the new address information automatically posts to our records. We are updating a notice to add a reminder informing concurrent OASDI and SSI recipients to contact us because we may need additional information regarding their living situation. The notice will have clarified language to concurrent OASDI and SSI recipients informing them to contact us to report living arrangement changes that may have occurred with the address change received through the NCOA process.
- **Evaluation of Corrective Actions:** We developed a logic model framework to measure the effectiveness of completed corrective actions that includes establishing benchmarks to evaluate the corrective actions, assessing the impact, if possible, and determining whether additional mitigation activities are necessary. In FY 2024, we completed the evaluation of completed corrective actions for 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. While we continued quality assurance reviews throughout the year, due to low volume of disability determination services (DDS) CDR clearances in the fourth quarter of FY 2024, we suspended the CDR quality assurance sample in our analysis below.

We conduct the following major entitlement reviews:

Disability Quality Assurance Reviews

We perform quality assurance reviews of random samples of 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 2020 through FY 2024.

Quality Assurance Reviews

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	97.38%	97.41%	96.87%	96.62%	96.62%
Number of cases reviewed	28,434	35,076	40,251	40,295	29,588
Number of cases returned to the DDS offices due to error or inadequate documentation	744	909	1,259	1,360	1,001

DI Pre-Effectuation Reviews

We 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 2020 through FY 2024.

DI Pre-Effectuation Reviews

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	95.64%	95.56%	95.03%	94.65%	95.23%
Number of cases reviewed	269,286	246,318	252,245	238,616	268,569
Number of cases returned to the DDS offices due to error or inadequate documentation	11,736	10,927	12,538	12,761	12,810

SSI Pre-Effectuation Reviews

We conduct 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 2020 through FY 2024.

SSI Pre-Effectuation Reviews

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Percent of State DDS decisions to allow not returned to the DDS offices for correction	96.76%	96.66%	96.52%	96.27%	96.07%
Number of cases reviewed	93,930	84,352	81,333	86,779	94,105
Number of cases returned to the DDS offices due to error or inadequate documentation	3,046	2,820	2,834	3,239	3,696

Continuing Disability Reviews

We use periodic CDRs to 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 2020 through FY 2024.

CDR Accuracy

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Overall accuracy	97.0%	97.2%	96.9%	96.5%	96.8%
Continuance accuracy	98.2%	98.3%	98.1%	97.7%	97.6%
Cessation accuracy	92.6%	93.6%	92.3%	92.3%	93.2%

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 2020 through FY 2023. Data for FY 2024 are not yet available. We will report the FY 2024 data in our FY 2025 *Agency Financial Report* (AFR).

OASDI Accuracy[1]

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Overpayment accuracy	Data not yet available	99.76%	99.49%	99.83%	99.83%
Underpayment accuracy	Data not yet available	99.94%	99.86%	99.95%	99.94%

SSI Accuracy[1]

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Overpayment accuracy	Data not yet available	90.82%	91.98%	92.83%	91.24%[2]
Underpayment accuracy	Data not yet available	98.56%	98.82%	98.45%	98.67%

Notes:

1. There may be slight variances in the percentages reported on PaymentAccuracy.gov due to rounding of source data. We derive percentages from unrounded source data.
2. The FY 2021 AFR incorrectly stated the FY 2020 SSI OP accuracy rate was 91.25% due to a minor issue in the dollar error tabulation formula that was discovered in April 2022. The rate was corrected in the FY 2022 AFR.

SSI Redeterminations

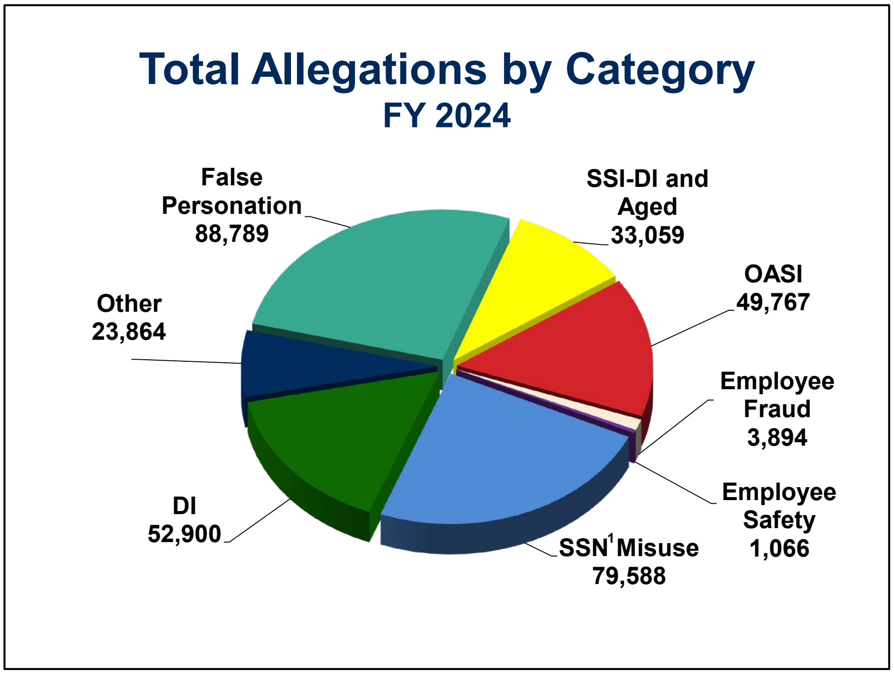
SSI redeterminations are periodic reviews of non-medical factors to ensure that a recipient remains eligible for SSI payments and that we have paid and will continue to pay the recipient the correct amount. The following table shows the number of SSI redeterminations we completed for FY 2020 through FY 2024.

SSI Redeterminations
(In Millions)

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Number of redeterminations completed	2.55	2.52	2.20	2.37	2.15

The Office of the Inspector General's Anti-Fraud Activities

In FY 2024, we worked with our 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 2024, as in prior years, OIG received a significant number of imposter scam allegations. The following chart provides information from our OIG concerning fraud and other allegations by category in FY 2024.[2]

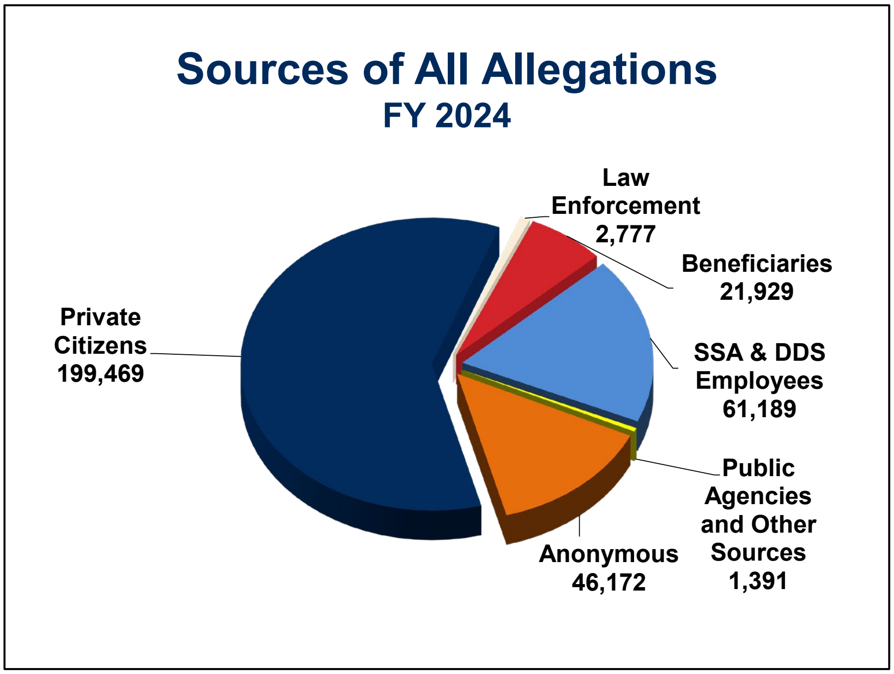


Note:

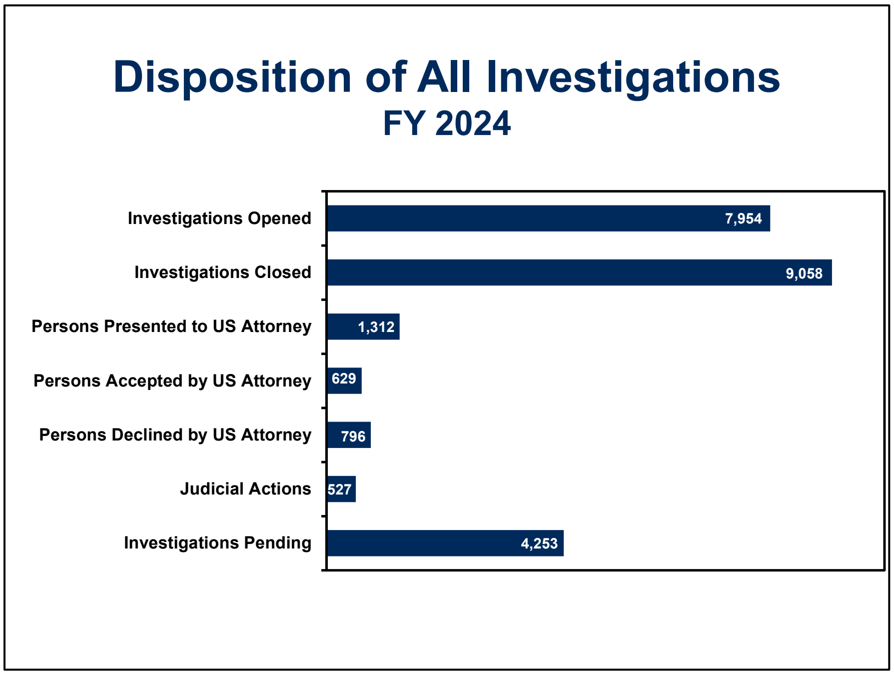
1. Social Security Number

[2] The category of an allegation may change in limited cases during an investigation. Therefore, the numbers reported in the charts may vary slightly from other Agency reporting such as Semiannual Reports to Congress.

The following chart provides information from our OIG concerning sources of all fraud and other allegations in FY 2024.



The metrics in the following chart include the total number of individual subjects or entities referred, accepted, and declined for prosecution by the DOJ where the investigative findings were not subject to pre-established prosecution declination guidelines. Additionally, these metrics are independent. Therefore, persons recorded as declined or accepted during the reporting year may have been presented during a prior year. Similarly, persons presented during the reporting year may not yet have been recorded as declined or accepted.



Civil Monetary Penalty Adjustment for Inflation

The *Social Security Act* authorizes the COSS 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* (Section 1140) authorizes a CMP to protect the public from advertisements, solicitations, and other communications (including Internet websites, social media activities, 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 COSS delegated authority to enforce our Section 1140 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	Latest 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	2024	01/15/2024	$0-$10,289	SSA/OIG	89 Federal Register 1973 (Jan. 2024)
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	2024	01/15/2024	$0-$9,704	SSA/OIG	89 Federal Register 1973 (Jan. 2024)
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	2024	01/15/2024	$0-$12,799	SSA/OIG	89 Federal Register 1973 (Jan. 2024)
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	2024	01/15/2024	$0-$63,991	SSA/OIG	89 Federal Register 1973 (Jan. 2024)

Biennial Review of User Fee Charges

Summary of Fees

In FY 2023 and FY 2024, we earned $324 million and $327 million in user fees, respectively. This revenue accounted for less than one percent of our total financing sources. We derived over 71 and 66 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 in FY 2023 and FY 2024, respectively. During FY 2024, we charged a fee of $14.78 per payment for the cost of administering State supplemental SSI payments. This fee will increase to $15.22 for FY 2025. 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.

For our review of fees, we annually evaluate fees for: 1) States' supplemental SSI benefit payment processing; 2) Consent Based Social Security Number (SSN) Verification (CBSV); 3) electronic Consent Based SSN Verification (eCBSV); and 4) direct payment to representatives' fees. In addition, we review and evaluate our uniform standard fee structure for non-programmatic work every two years.

- **States' Supplemental SSI Benefit Payment Processing:** States are required to pay a fee for Federal administration of State Supplementary Payments (supplemental to Federal SSI payments). In accordance with Section 5102 of the *Balanced Budget Act of 1997*, we adjust the fee annually based on the percentage increase, if any, in the Consumer Price Index (CPI), unless the COSS determines a different rate is appropriate. As noted above, we updated the State SSI administrative fee from $14.78 to $15.22 for FY 2025 based on the change in the CPI. This information was communicated to the applicable States.
- **Consent Based Social Security Number Verification:** The CBSV program provides the business community and other government entities with a consent-based SSN verification. Based on our evaluation this year of CBSV projected costs and revenues, and other relevant information, we decided to continue to use the current rate of $2.25 per transaction for FY 2025. Given the potential for fluctuation in the volume of verifications requested, we will monitor this activity and evaluate the fee during FY 2025, as necessary. The latest Federal Register Notice, with more information on the CBSV user fee is 2023-17146 (88 FR 54389).
- **Electronic Consent Based Social Security Number Verification:** The eCBSV program allows permitted entities to submit (based on the number holder's consent) the SSN, name, and date of birth of the number holder in connection with a credit transaction

or a circumstance described in Section 604 of the *Fair Credit Reporting Act* to the agency for SSN verification via an application programming interface. During FY 2024, we analyzed our fee structure and other relevant data including ongoing costs; prior unrecovered cost; and current fee pricing and determined that the user fee tier pricing structure should remain unchanged. While we noted a decrease in ongoing operating expenses from both prior year actuals and previous projections of costs, we still have prior year unrecovered costs that we need to collect to breakeven for this program. Therefore, we believe the best course of action is to maintain the existing fee pricing structure to continue to recover our prior year costs. Refer to Note 6, Accounts Receivable, Net, in the *Audited Financial Statements and Additional Information* section for more information.

Throughout FY 2024, we engaged with eCBSV customers regarding the eCBSV program. Based on user feedback, we evaluated and updated the user fee tier structure with regards to volume of transactions per tier. In FY 2024 we increased the maximum volume allowed in the highest tier. We are continuing to evaluate ongoing costs, fee revenue, and customer feedback as we prepare to analyze the user fee pricing structure in FY 2025. The latest Federal Register Notice, with more information on the eCBSV user fee is 2024-08152 (89 FR 27472).

- **Direct Payments to Representatives:** If a claimant is entitled to past-due benefits from the agency and was represented either by an attorney or by a non-attorney representative who has met certain prerequisites, the *Social Security Act* provides that we may withhold up to 25 percent of the past-due benefits and use that money to pay the representative's approved fee directly to the representative. When we pay the representative's fee directly to the representative, we must collect from that fee payment an assessment to recover the costs we incur in determining and paying representatives' fees. The *Social Security Act* provides that the assessment we collect will be the lesser of two amounts: a specified dollar limit; or the amount determined by multiplying the fee we are paying by the assessment percentage rate. During FY 2024, we set the maximum dollar limit at $117 and kept the assessment percentage consistent at 6.3 percent based on our review of relevant cost data. The latest Federal Register Notice, with more information on the Direct Payment of Fees for Representatives is 2023-27955 (88 FR 88209).
- **Uniform Standard Fees for Non-Programmatic Workloads:** Every two years, including FY 2024, we evaluate and publish standard fees for non-programmatic workloads. This year, we performed an evaluation of time spent on these workloads and related direct and overhead cost rates. As a result, we made updates to the fees to reflect current costs or market values. We will perform another review of these fees during FY 2026. The latest Federal Register Notice, with more information on the Direct Payment of Fees for Representatives is 2024-18975 (89 FR 68232).

Beyond the fees noted above, we did not identify any other new fees that should be assessed during our biennial review.

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 no such grants or cooperative agreements 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. Although we currently do not have any expired grants that have exceeded the two-year timeframe for closeout, there are occasions when a GMO cannot immediately close a grant. In certain instances, closeout could be delayed by one year.

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	Not Applicable	Not Applicable	Not Applicable
Number of Grants/Cooperative Agreements with Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable
Total Amount of Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable

Climate-Related Financial Risk

We are committed to climate adaptation and resilience planning to reduce climate change risks and develop new opportunities that climate change may bring, where we can. Our *FYs 2024–2027 Climate Adaptation Plan* (CAP) reaffirms our vision to improve our capacity to assess and build resilience to climate change risks. Our CAPs, Sustainability Reports, Scorecards, 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 that mitigate climate vulnerabilities and lessen climate-related financial risks at the agency. OCFO works closely with our Chief Sustainability Officer and other internal offices primarily involved in executing our sustainability and climate action programs.

In our CAP, we assess five climate hazard exposures – wildfires, flooding, sea level rise, extreme precipitation, and extreme heat – and the strategies we take to ensure our facilities, operations, and employees are resilient to climate change impacts to these extreme weather events. Examples of strategies include utilizing advanced metering systems to identify high-energy usage to reduce electrical loads and assess the need for any additional emergency generators and uninterruptable power supply systems; adjusting the intake of outside air during hazardous events, such as wildfires; monitoring our delegated sites for any imminent flooding caused by sea level rise; and incorporating acquisition-related climate ready considerations, such as supply chain risks and climate innovation, into our processes to ensure agency contracting staff include these considerations in agency solicitations and contracts, where applicable.

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 utilize previous energy usage data to adjust for the upcoming year for our delegated sites. We also budget for snow removal yearly to ensure employees remain safe and injury free during extreme precipitating events. We potentially face funding challenges if hazardous weather events take place and affect our operations and facilities. These funding challenges include the loss or replacement of facilities, fleet, and information technology 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.

The balance of delinquent debt for all programs is $6.916 billion as of September 30, 2024. In FY 2024, we recovered $4.671 billion using both our internal and external collection tools. Over the last 5 years (FY 2020 through FY 2024), we have collected a total of $21.468 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.

We recognize how critical it is for the public to understand the information we share, including the IP notices they receive from us. We are working to simplify our OP notices so they are more user-friendly and easier to understand.

Effective March 25, 2024, we changed existing policy and procedure for recovering OASDI OPs. Policy has been to default to full benefit withholding. However, with the change, we began applying a default of 10 percent withholding rate, or $10 per month, whichever is more, to an overpaid individual. There will be limited exceptions to this change, such as when an OP resulted from fraud.

Additionally, when negotiating a rate of OP recovery, we traditionally required documentation of income and expenses for repayment timeframes that extended beyond 36 months. In February 2024, we changed our policy to extend this timeframe to 60 months and reduced the burden on our beneficiaries to provide additional financial and resource information.

Internal Collections

We utilize internal collection tools to recover payments of delinquent debt for individuals currently receiving payments. In FY 2024, we recovered $4.668 billion using our internal collection tools, which accounted for about 99.9 percent of our total collections amount. Over the last 5 years (FY 2020 through FY 2024), we have collected a total of $21.137 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 continue 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.

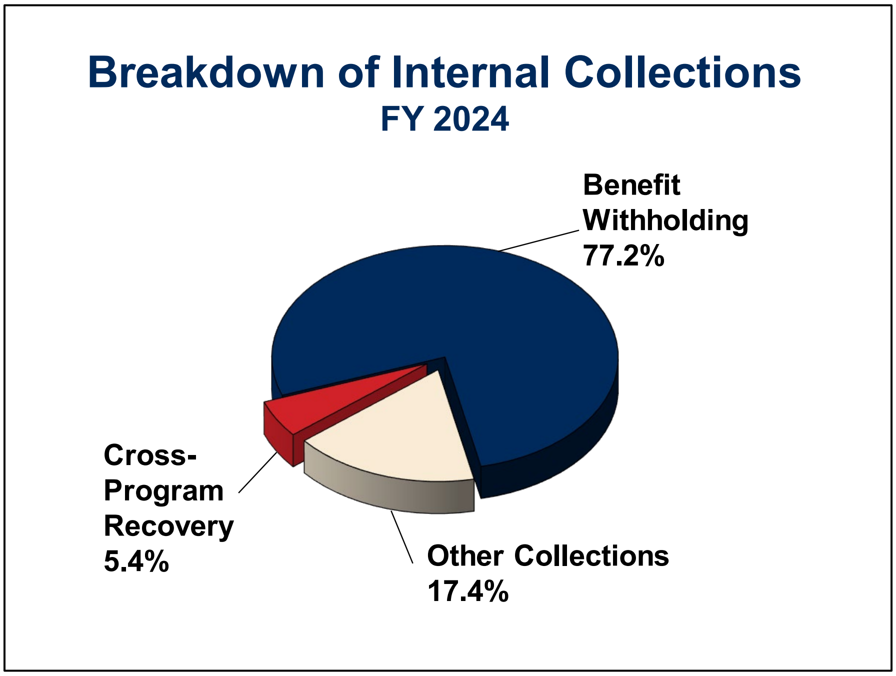
FY 2024 Internal Collections
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total[1]
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.	$2.457	$1.148	$3.605
Cross-Program Recovery (CPR)	CPR collects OASDI OPs from monthly SSI payments and UPs, and SSI OPs from monthly OASDI benefit payments and UPs.	$0.033	$0.219	$0.252
Other Collections	These are mostly voluntary payments received because of a notice requesting a refund of an OP.	$0.470	$0.341	$0.811
Total Internal Collections[1]	The total amount recovered by utilizing our internal collection tools.	$2.960	$1.708	$4.668

Note:

1. Totals do not necessarily equal the sum of rounded components.

The following chart highlights the allocation of OPs collected in FY 2024 through our various internal collection tools as a proportion of the total $4.668 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 2024, we recovered $3 million using our external collection tools, which accounted for less than 1 percent of our total collections amount. Over the last 5 years (FY 2020 through FY 2024), we have collected a total of $321 million using our external collection tools.

Due to the COVID-19 pandemic, in March 2020, we suspended using the Treasury Offset Program (TOP). This suspension continued through FY 2024 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 2024 External Collections[2]
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total[1]
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).	$0.002	$0.000	$0.003
Total External Collections[1]	The total amount recovered by utilizing our external collection tools.	$0.002	$0.000	$0.003

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 2023 and FY 2024. 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 design limitation in our Title II system, which is used to support debt management and the reporting of accounts receivable, prevents us from capturing and tracking long-term withholding agreements for debts owed by the public scheduled for collection beyond certain dates. Refer to Note 6, Accounts Receivable, Net, in the *Audited Financial Statements and Additional Information* section for more information.

We estimate that approximately 64,800 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 $793 million as of September 30, 2024. Additionally, we estimate that approximately 600 debts owed by the public are affected by payment plans extending beyond October 14, 2073. We estimate the total gross value of the post-year 2073 receivable amounts is approximately $9 million as of September 30, 2024. These amounts are not material to the consolidated financial statements.

The following tables do not include the amounts related to post-year 2049 or 2073 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.

Debt Management Activities
Consolidated Program and Administrative[1]
(Dollars in Millions)

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Total receivables[2]	$24,381	$23,154	$21,571	$20,884	$24,398
New receivables	$10,491	10,049	8,582	9,061	6,332
Total collections	(4,940)	(4,922)	(4,665)	(4,517)	(4,100)
Adjustments	(926)	(189)	56	(617)	(1,129)
Total write-offs[3]	(3,398)	(3,355)	(3,286)	(7,441)	(2,539)
- Waivers	(303)	(267)	(278)	(281)	(260)
- Terminations	(3,095)	(3,088)	(3,008)	(7,160)	(2,279)
Non delinquent debt	17,464	16,567	15,232	14,833	14,263
Total delinquent debt	$6,917	$6,587	$6,339	$6,051	$10,135
Percentage Analysis					
% of outstanding debt:					
- Non delinquent	71.6%	71.6%	70.6%	71.0%	58.5%
- Delinquent	28.4%	28.4%	29.4%	29.0%	41.5%
% of debt estimated to be uncollectible[4]	55.6%	57.3%	57.3%	56.3%	59.2%
% of debt collected	20.3%	21.3%	21.6%	21.6%	16.8%
% change in collections from prior fiscal year	0.4%	5.5%	3.3%	10.2%	-2.7%
% change in delinquencies from prior fiscal year	5.0%	3.9%	4.8%	-40.3%	-11.0%
Clearances as a % of total receivables	34.2%	35.7%	36.9%	57.3%	27.2%
- Collections as a % of clearances	59.2%	59.5%	58.7%	37.8%	61.8%
- Write-offs as a % of clearances	40.8%	40.5%	41.3%	62.2%	38.2%
Other Analysis					
Cost to collect $1	$0.08	$0.08[5]	$0.06	$0.07	$0.06
Average number of months to clear receivables:					
- OASI	13	13	12	13	16
- DI	27	28	30	27	68
- SSI	39	36	45	48	66

Notes:

1. The consolidated values in the Debt Management activity table above do not necessarily equal the sum of the rounded program/administrative values broken out in the tables below.
2. Refer to Note 1, Summary of Signification Accounting Policies, and Note 6, Accounts Receivable, Net, in the *Audited Financial Statements and Additional Information* section for more information.
3. Total Write-offs/Terminations – Previously, we re-evaluated delinquent and uncollectible debt that we were pursuing, finding them to be 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. We developed an automated process to evaluate debt for potential write-offs, which contributed to the write-off values in FY 2021 through FY 2024. 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. 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.

4. 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.
5. Cost to Collect $1 – The increase in administrative cost in FY 2023 is due to a change in methodology to include full costing (direct and supporting component costs) versus direct-only costing.

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 OPs 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. 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 OP 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.

Debt Management Activities
Program and Administrative Breakout
(Dollars in Millions)

FY 2024					
	OASI	DI	SSI Federal	SSI State	Other
Total receivables	$4,262	$6,351	$13,200	$539	$29
New receivables	3,507	2,733	4,078	165	8
Total collections	(2,095)	(1,121)	(1,623)	(85)	(15)
Adjustments	(213)	551	(1,240)	(23)	(1)
Total write-offs	(438)	(1,801)	(1,130)	(28)	(1)
- Waivers	(86)	(116)	(95)	(4)	(1)
- Terminations	(352)	(1,685)	(1,035)	(24)	-
Non delinquent debt	3,600	5,255	8,257	325	28
Total delinquent debt	$662	$1,096	$4,943	$214	$1

FY 2023					
	OASI	DI	SSI Federal	SSI State	Other
Total receivables	$3,501	$5,989	$13,115	$510	$38
New receivables	3,155	2,522	4,203	160	9
Total collections	(2,195)	(1,157)	(1,481)	(78)	(11)
Adjustments	(201)	526	(499)	(15)	-
Total write-offs	(395)	(1,758)	(1,174)	(28)	(1)
- Waivers	(73)	(113)	(77)	(3)	(1)
- Terminations	(322)	(1,645)	(1,097)	(25)	-
Non delinquent debt	2,851	4,927	8,450	302	37
Total delinquent debt	$650	$1,062	$4,665	$208	$1

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Appendix

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GLOSSARY OF ACRONYMS

A

AARPS	Appeals and Appointed Representative Processing Services
ADP	Automated Data Processing
AI	Artificial Intelligence
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
ASP	Agency Strategic Plan
AWG	Administrative Wage Garnishment
AWS	Amazon Web Services

B

Banking Bill	*Economic Growth, Regulatory Relief, and Consumer Protection Act*
BI	Business Intelligence

C

CARES Act	*Coronavirus Aid, Relief, and Economic Security Act*
CAP	Climate Action Plan
CAS	Cost Analysis System
CBSV	Consent Based Social Security Number Verification
CCE	Consolidated Claims Experience
CDM	Continuous Diagnostics and Mitigation
CDR	Continuing Disability Review
CEAR	Certificate of Excellence in Accountability Reporting
CISA	Cybersecurity and Infrastructure Security Agency
CMP	Civil Monetary Penalty
COLA	Cost of Living Adjustment
COSS	Commissioner of Social Security
COVID-19	Coronavirus Disease 2019

CPI	Consumer Price Index
CPI-W	Consumer Price Index for Urban Wage Earners and Clerical Workers
CPR	Cross-Program Recovery
CSRS	Civil Service Retirement System
CX	Customer Experience

D

DAIMS	DATA Act Information Model Schema
DATA Act	*Digital Accountability and Transparency Act of 2014*
DDS	Disability Determination Services
DHS	Department of Homeland Security
DI	Disability Insurance
DMS	Debt Management System
DOL	Department of Labor

E

eCBSV	Electronic Consent Based Social Security Number Verification
EDCS	Electronic Disability Collect System
EEO	Equal Employment Opportunity
ERE	Electronic Records Express
ERM	Enterprise Risk Management
EY	Ernst & Young LLP

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*
FM QSMO	Financial Management Quality Service Management Office
FMFIA	*Federal Managers' Financial Integrity Act of 1982*
FMS	Financial Management System
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*
Green Book	Standards for Internal Control in the Federal Government
GSA	General Services Administration
GSDM	Governmentwide Spending Data Model
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System

H

HBCU	Historically Black Colleges and Universities
HI	Hospital Insurance
HIT	Health Information Technology
HUB	Historically Underutilized Business

I

IG	Inspector General
IP	Improper Payment
IPAS	Improper Payments Alignment Strategy
ISM	In-kind Support and Maintenance
ISSC	Institutions Serving Students of Color
iSSNRC	Internet Social Security Number Replacement Card
ISSO	Information System Security Officer
IT	Information Technology

K

KEV	Known Exploited Vulnerabilities

L

LAE	Limitation on Administrative Expenses
LEP	Limited English Proficiency
LF	Leadership Fundamentals
LI	Limited Issue

LPR	Lawful Permanent Resident

M

MBR	Master Beneficiary Record
MD&A	Management's Discussion and Analysis
MFA	Multi-Factor Authentication
MOURS	Modernized Overpayment and Underpayment Reporting System
myWR	myWageReport

N

NCOA	National Change of Address
NGTP	Next Generation Telephony Project
NIST	National Institute of Standards and Technology
NPRM	Notice of Proposed Rulemaking

O

OA	Occupancy Agreement
OASDI	Old-Age, Survivors, and Disability Insurance
OASI	Old-Age and Survivors Insurance
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OP	Overpayment
OPM	Office of Personnel Management
ORT	Overpayment Review Team

P

PIE	Payroll Information Exchange
PIIA	*Payment Integrity Information Act of 2019*
PMO	Program Management Office
POA&M	Plan of Action and Milestones
PP&E	Property, Plant, and Equipment
PRW	Past Relevant Work
PTF	Payments to Social Security Trust Funds
Pub. L. No.	Public Law Number

R

RA	Reasonable Accommodation
RDRC	Retirement and Disability Research Consortium
ROAR	Recovery of Overpayments, Accounting, and Reporting
RPA	Robotic Process Automation
RSI	Required Supplementary Information
RZ	Non-Medical Supplemental Security Income Redeterminations

S

SECA	*Self-Employed Contributions Act*
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
SSA-821	Work Activity Report
SSI	Supplemental Security Income
SSN	Social Security Number
SSO	Single Sign-on
SSOARS	Social Security Online Accounting and Reporting System
SSP	System Security Plans
SSR	Supplemental Security Record
Statement	Social Security Statement

T

TBD	To Be Determined
TFR	Total Fertility Rate
Title VIII	Special Veterans Benefits
TOP	Treasury Offset Program
Treasury	Department of the Treasury

U

UP	Underpayment
U.S.	United States
USPS	United States Postal Service
U.S.C.	United States Code
USF	Useable Square Feet

W

WEP	Windfall Elimination Provision

SSA MANAGEMENT AND BOARD MEMBERS

Key Management Officials

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SUMMARY OF KEY MANAGEMENT OFFICIALS' RESPONSIBILITIES

Commissioner of Social Security (COSS) provides executive leadership to SSA and exercises general supervision over major components of the agency.

Chief Operating Officer (COO) oversees the daily business and operations of SSA and manages all agency programs and staff.

Deputy Commissioner of Social Security (DCOSS) an appointed position, authorized to act on behalf of the COSS.

Chief Actuary (OCACT) plans and directs program actuarial estimates and analyses for our programs and for any proposed changes in programs and trust funds. OCACT provides technical and consultative services to the COSS, the Board of Trustees of the Social Security Trust Funds, Congress, and their respective staffs.

General Counsel (GC) advises the COSS, DCOSS, and all subordinate organizational components (except the Inspector General) on legal matters. GC also serves as the agency's Senior Agency Official for Privacy and oversees the implementation of privacy protections and ensures that all privacy requirements are met.

Inspector General (IG) is a Senate-confirmed position that promotes economy, efficiency, and effectiveness in administering our programs and operations, and prevents and detects fraud, waste, abuse, and mismanagement.

Chief Transformation Officer (CTO) facilitates the most critical business enhancements that serve the public and support our frontline employees.

Deputy Commissioner for Analytics, Review, and Oversight (DCARO) oversees the review of program quality and effectiveness and makes recommendations for program improvement utilizing feedback from the adjudication of cases, predictive modeling, and other advanced data analysis techniques. DCARO also coordinates the agency's anti-fraud initiatives, responds to the recommendations of external monitoring authorities, and serves as the accountable official for improper payments.

Deputy Commissioner for Budget, Finance, and Management (DCBFM) directs our comprehensive management programs including budget, financial policy, acquisition, grants, facilities and logistics management, and security and emergency preparedness. DCBFM also serves as the Chief Financial Officer, Performance Improvement Officer, the Program Management Improvement Officer, and the responsible official for Enterprise Risk Management and the *Digital Accountability and Transparency Act of 2014*.

Deputy Commissioner for Civil Rights and Equal Opportunity (DCCREO) ensures compliance with the laws and regulations that govern Federal-sector Equal Employment Opportunity, promotes an equitable and inclusive work environment, and serves as the agency lead for Diversity, Equity, Inclusion, and Accessibility.

Deputy Commissioner for Communications (DCCOMM) conducts our national public information and outreach programs and fosters the transparency of our operations.

Deputy Commissioner for Hearings Operations (DCHO) administers our nationwide hearings program in accordance with relevant Federal laws.

Deputy Commissioner for Human Resources (DCHR) administers our human resources programs, including training, human capital initiatives, personnel and employee relations, and labor management. DCHR also serves as the Chief Human Capital Officer and the senior accountable official on employee engagement initiatives.

Deputy Commissioner for Legislation and Congressional Affairs (DCLCA) develops and conducts our legislative program, serves as our liaison to Congress, and analyzes legislative and regulatory initiatives.

Deputy Commissioner for Operations (DCO) directs our network of field offices, National 800 Number teleservice centers, and processing centers. DCO also oversees the Chief Business Office and the State disability determination services.

Deputy Commissioner for Retirement and Disability Policy (DCRDP) advises the COSS on major policy issues and is responsible for all activities in the areas of program policy planning, policy research and evaluation, statistical programs, and overall policy development, analysis, and implementation. DCRDP provides enterprise-wide oversight data-sharing agreements and negotiates Social Security (totalization) agreements with foreign governments. DCRDP serves as liaison with the Centers for Medicare and Medicaid Services and leads our efforts to improve the clarity, tone, and readability of our notices. DCRDP also leads our efforts in implementing the *Evidence-Based Policymaking Act of 2018*.

Chief Information Officer (CIO) directs the strategic management of our systems and databases, which includes the development, validation, and implementation of new systems. OCIO directs operational integration, strategic planning processes, and implementation of a systems configuration program. The OCIO also provides strategic vision, aligns information technology initiatives with overall business goals, and drives innovation.

Our Agency Financial Report
is available at:
SSA.gov/finance

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