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

This page was intentionally left blank.

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.

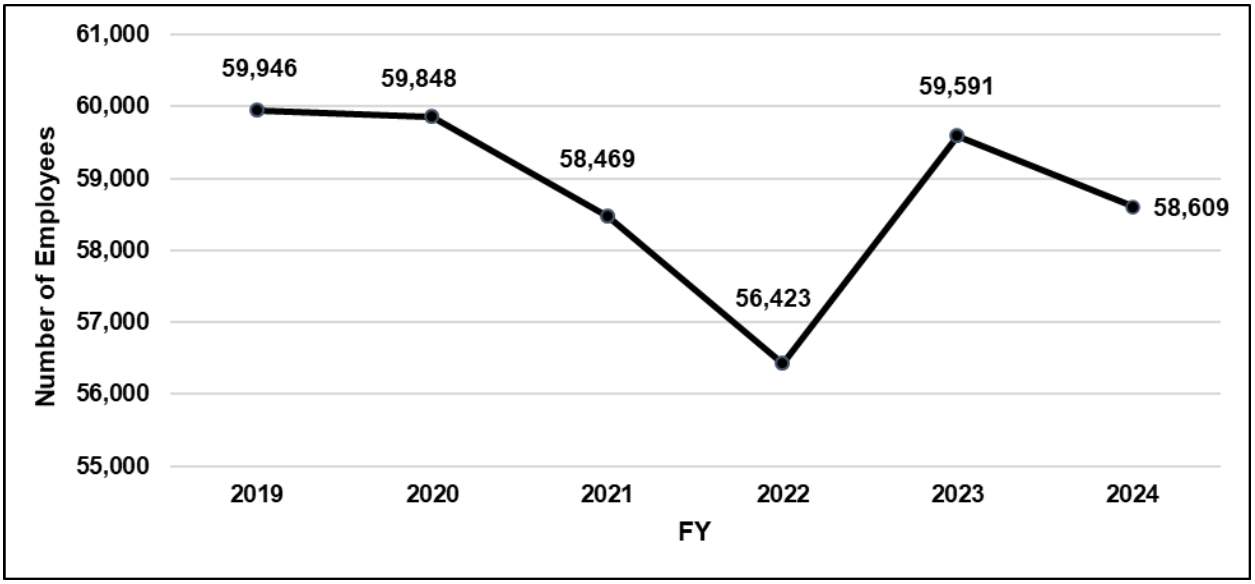
Why This is a Challenge

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).

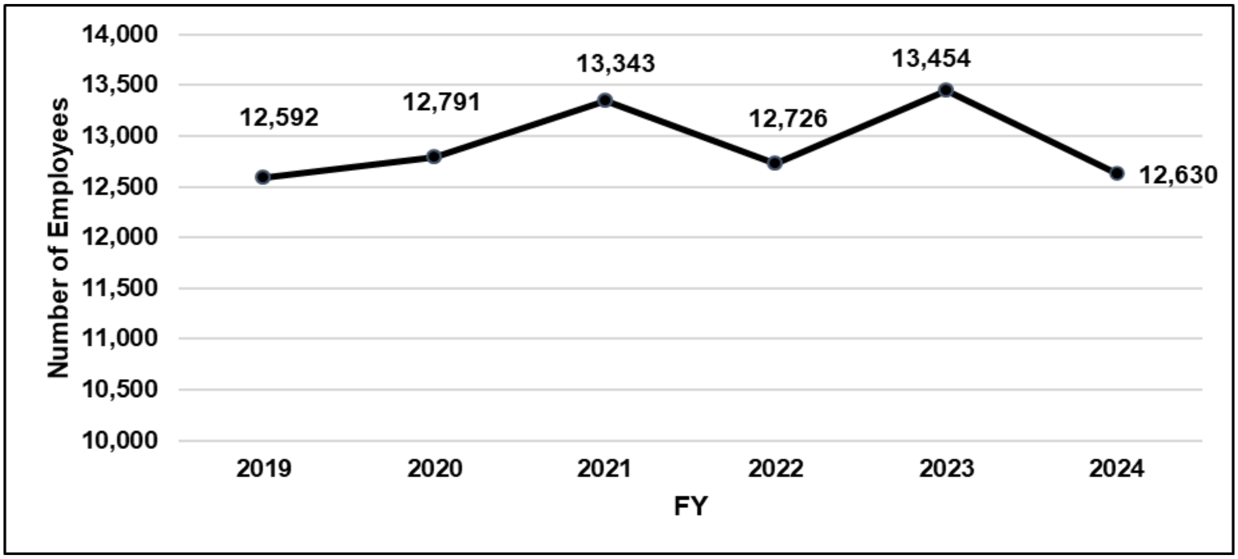
Figure 1: SSA Staffing



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).

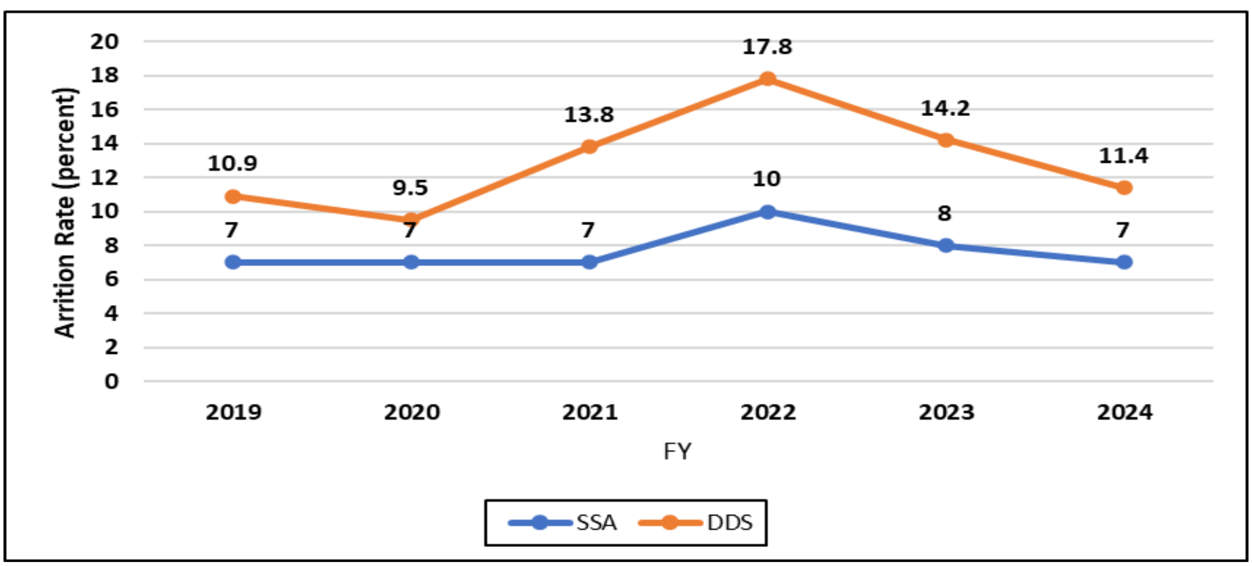
Figure 2: DDS Staffing



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

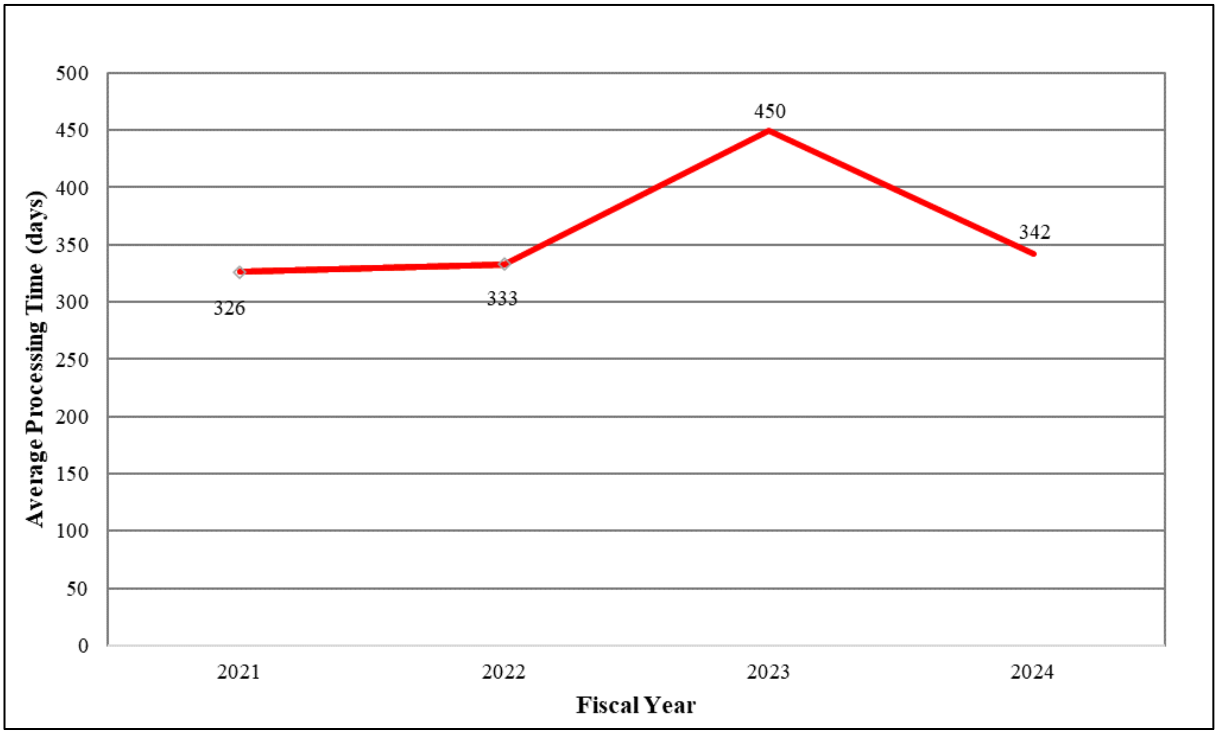
Disabled claimants rely on SSA to process initial disability claims, reconsiderations, and hearing requests quickly and accurately. Processing times and the pending levels for initial claims and reconsiderations have generally increased, which has resulted in disability claimants waiting longer for determinations 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

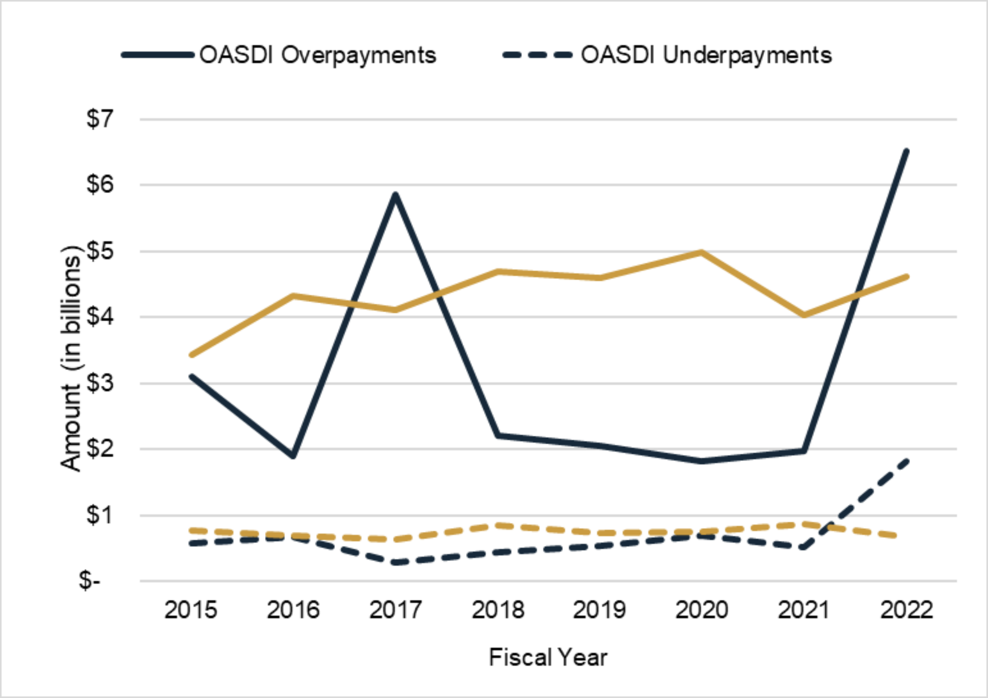
Improve the Prevention, Detection, and Recovery of Improper Payments

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.

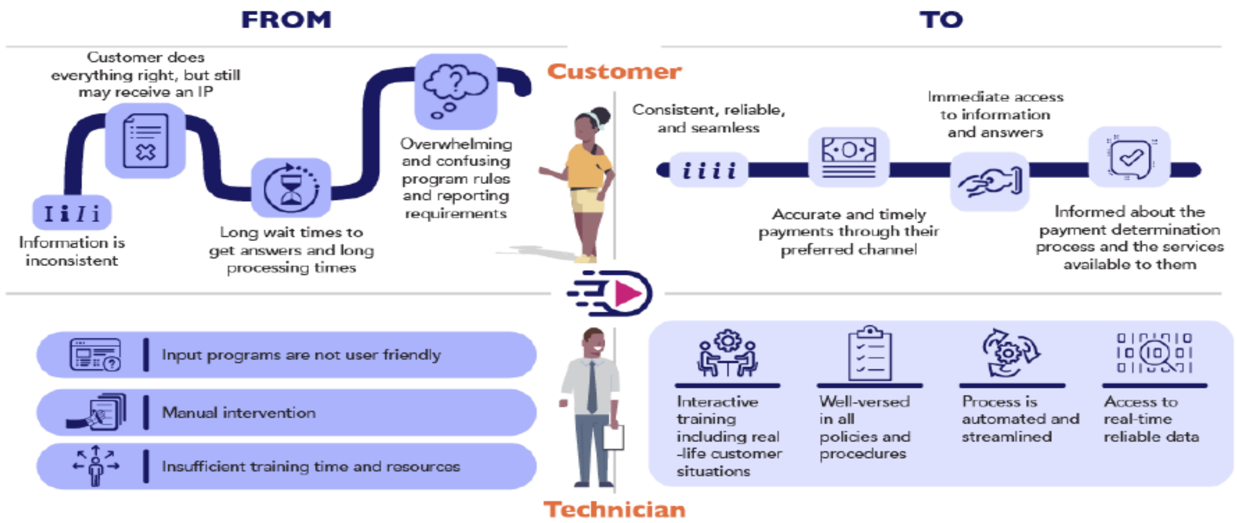
Additionally, although SSA's systems automatically process many transactions, there are still workloads that require employees' manual actions, which could contain errors that could lead to improper payments. For example, in our April 2024 report *Impact of Undetected Marriages on Social Security Administration 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](https://www.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 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

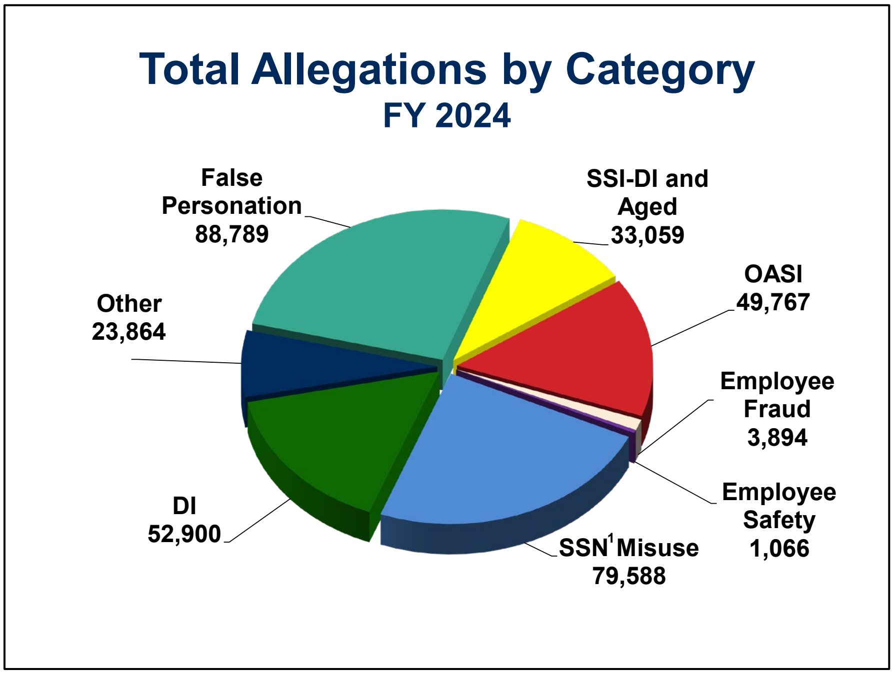
SSI redeterminations are periodic reviews of non-medical factors to ensure that a recipient remains eligible for SSI payments and that we have paid and will continue to pay the recipient the correct amount. The following table shows the number of SSI redeterminations we completed for FY 2020 through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

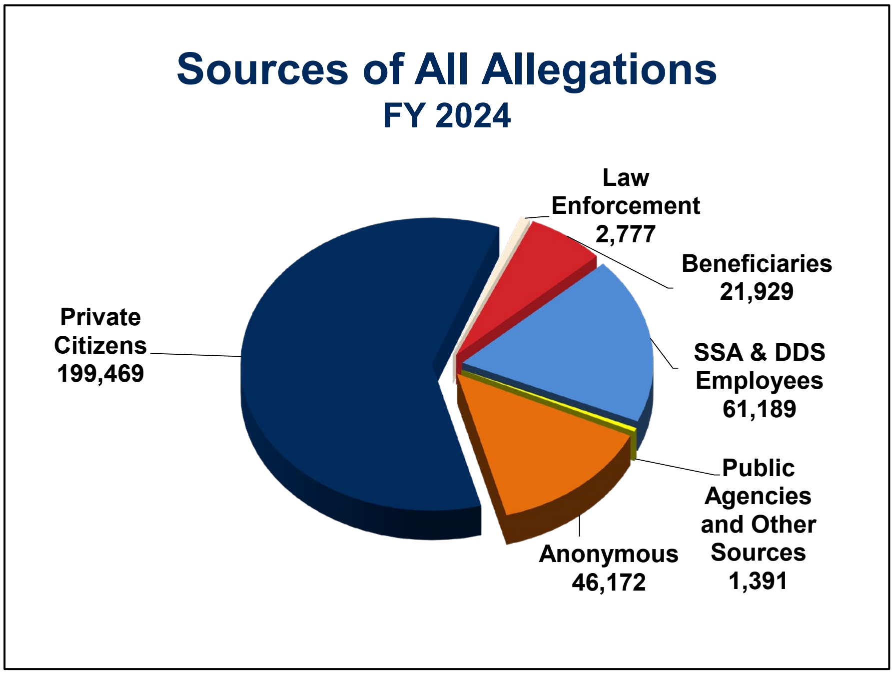


Note:

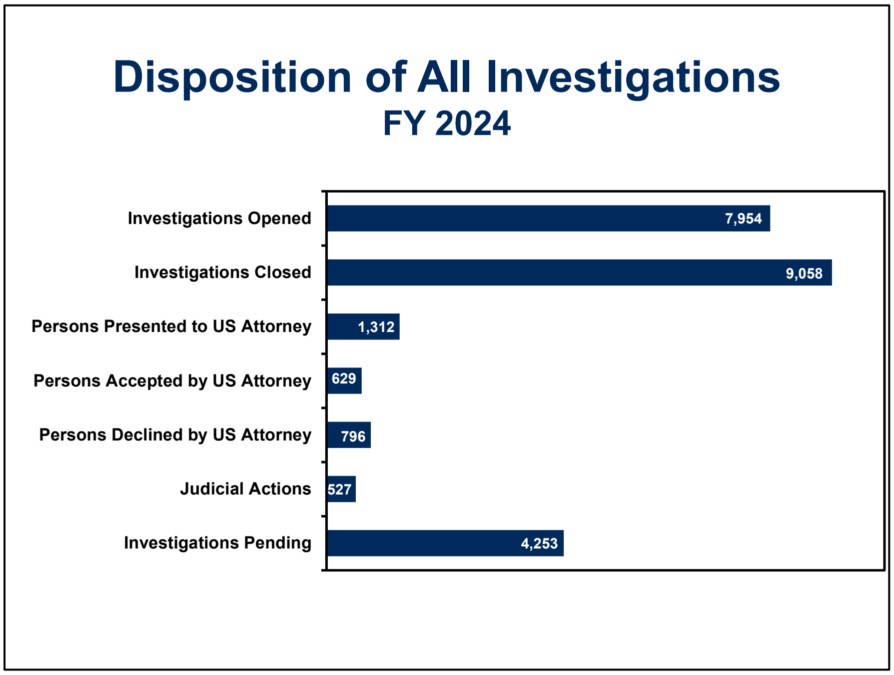
1. Social Security Number

[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.

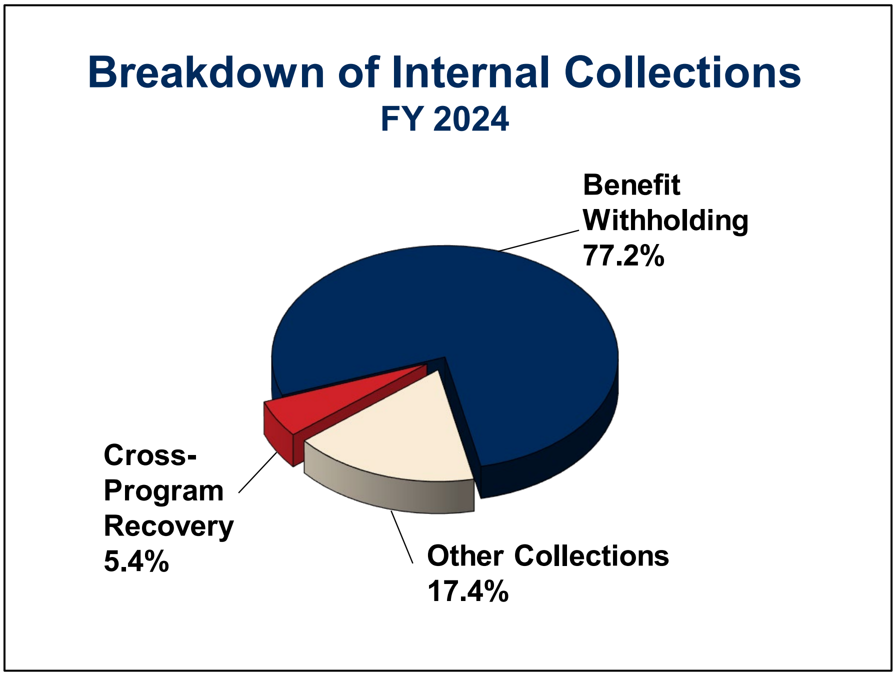
FY 2024 Internal Collections
(Dollars in Billions)

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

This page was intentionally left blank.