Management's Discussion and Analysis

SSA.gov

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

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

The *Overview of Our Fiscal Year 2023 Goals and Results* provides a high-level discussion of our goals and our key mission results. We display our fiscal year 2023 operating expenses by Strategic Goal and Objective, discuss our Agency Priority Goals, highlight how our results contribute to achieving our Strategic Goals and Objectives, and discuss how we plan to address the challenges we face.

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

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

OVERVIEW OF THE SOCIAL SECURITY ADMINISTRATION

Mission

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

Programs

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

- **Old-Age and Survivors Insurance:** Established in 1935, the Old-Age and Survivors Insurance (OASI) program provides retirement and survivors benefits to qualified workers and their family members. In fiscal year (FY) 2023, we paid OASI benefits to an average of approximately 58 million beneficiaries each month and incurred over $1,204 billion in benefit payment expenses[1] to OASI beneficiaries through the fiscal year. Learn more about retirement benefits on our website at SSA.gov/benefits/retirement and about survivors benefits at SSA.gov/benefits/survivors.
- **Disability Insurance:** Established in 1956, the Disability Insurance (DI) program provides benefits for workers who become disabled and their families. In FY 2023, we paid DI benefits to an average of approximately 9 million beneficiaries each month and incurred over $155 billion in benefit payment expenses[1] to DI beneficiaries through the fiscal year. Read stories from DI beneficiaries on our website at SSA.gov/disabilityfacts/stories.html, and learn more about DI benefits at SSA.gov/benefits/disability.
- **Supplemental Security Income:** Established in 1972, the Supplemental Security Income (SSI) program provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In FY 2023, we paid SSI benefits to a monthly average of 7.5 million recipients (approximately 2.5 million of whom concurrently receive OASI or DI benefits) and incurred over $58 billion in SSI Federal and State supplementary benefit payment expenses[1] through the fiscal year. Learn more about SSI benefits on our website at SSA.gov/benefits/ssi.

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

[1] Benefit payment expenses consist of benefits paid and the change in benefits accrued during FY 2023.

How Social Security Benefited America in Fiscal Year 2023

Our programs and services are vital to the public, and the scope of our work is enormous. For more than 85 years, Social Security has provided income security for retirees, individuals with disabilities, and families that lose a wage-earner. Almost 90 percent of workers over the age of 65 receive Social Security benefits.

- We paid a combined total of over $1.4 trillion in Social Security and SSI benefits.
- Approximately 86 percent of the American population age 65 and over received Social Security benefits.
- On average each month, a million blind or disabled children under age 18 received SSI benefits.

How We Served America in Fiscal Year 2023

- Processed over 401.5 million online transactions.
- Mailed an estimated 350 million notices.
- Registered over 9.8 million new accounts on the *my* Social Security portal for a total of more than 80 million users. The portal offers many secure and convenient online self-service options.
- Provided *Social Security Statements (Statement)* to beneficiaries online via *my* Social Security more than 32 million times, and by mail with approximately 14.6 million paper *Statements*.
- Processed over 18 million applications for new and replacement Social Security Number (SSN) cards.
- Posted approximately 304 million annual earnings items to workers' records submitted by both employers and self-employed individuals.
- Performed nearly 2.4 billion automated SSN verifications for employers.
- Conducted 23 cost benefit analyses for incoming data exchanges with various Federal partners, resulting in $11 billion in projected annual savings.
- Our agents handled over 25 million calls and our self-service options handled over 4.4 million calls on our National 800 Number, amid staffing and technology challenges. These challenges resulted in an annual average speed of answer of nearly 36 minutes.
- Completed over 8.5 million retirement and disability claims for benefits; conducted over 550,000 full medical continuing disability reviews (CDR); and performed over 2.5 million non-medical redeterminations of SSI eligibility.
- Completed nearly 378,000 hearing requests; reviewed nearly 80,000 cases in the Appeals Council; and defended over 15,000 disability cases in Federal court.

Organization

Over 61,000 Federal employees and 15,000 State employees serve the public from a network of more than 1,500 offices across the country and around the world. We administer our programs and services online, by phone, by video, and in person in our offices. Our customers can access our online services such as applying for retirement, disability, and Medicare benefits; checking the status of an application or appeal; or requesting a replacement Social Security card.

A diverse, engaged, and well-trained workforce is critical to meeting our service delivery goals. Our employees directly serve the public or provide support to employees who do. We support our workforce throughout their chosen career paths by fostering an engaging workplace environment and by providing training and development opportunities.

State disability determination services (DDS) make disability determinations for initial claims, reconsiderations, and CDRs. Challenges with hiring and maintaining staff have limited the DDSs' capacity to improve disability workload performance.

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

Our processing centers handle the most complex benefit payment decisions, in addition to issuing benefit payments after appeals decisions, determining and collecting debt, correcting records, and performing program integrity work.

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

For more information about our organization and its functions, refer to the *Summary of Key Management Officials' Responsibilities* section in the *Appendix* or visit our organizational structure webpage.

Remember! We are with You from Birth through Retirement

When people experience major life events—the birth of a child, a new job or job loss, marriage or the loss of a spouse, health problems, retirement—we are here to help. Create your own *my* Social Security account to receive personalized estimates of future benefits based on your real earnings, see your latest Statement, and review your earnings history (SSA.gov/myaccount).

OVERVIEW OF OUR FISCAL YEAR 2023 GOALS AND RESULTS

How We Manage Performance

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

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

Our Strategic Goals are:

Strategic Goal 1: Optimize the Experience of SSA Customers;

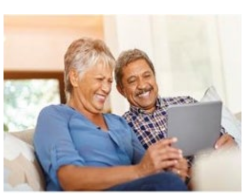
Strategic Goal 2: Build an Inclusive, Engaged, and Empowered Workforce; and

Strategic Goal 3: Ensure Stewardship of SSA Programs.

Planned Performance: In March 2023, we published our *Annual Performance Plan for FY 2024, Revised Performance Plan for FY 2023, and Annual Performance Report* (APR) *for FY 2022* as part of the *President's FY 2024 Budget Request*. We refer to this consolidated plan and report as the APR. The APR outlines our tactical plans for achieving the Strategic Goals and Objectives in our ASP, finalizes our FY 2023 performance commitments, and describes how we ensure data integrity of our performance information. The budgeted workloads published in our APR correspond to the key workload measures in the *FY 2023 Operating Plan*.

Actual Performance and Program Results: We update the APR after the close of the fiscal year to provide performance results for the previous fiscal year. We plan to publish the final APR containing our actual FY 2023 results in February 2024. The final APR will be available on our website.

This *Agency Financial Report* summarizes our strategic initiatives, overall performance results, and financial activities we conducted to carry out our mission in FY 2023. The following table shows our operating expenses by Strategic Goal and Objective.



Remember! You Can Access Our Services Online

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

FY 2023 Operating Expenses by Strategic Goal and Strategic Objective
(Dollars in Millions)

Strategic Goal 1: Optimize the Experience of SSA Customers	**$11,244**
Strategic Objective 1.1: Identify and Address Barriers to Accessing Services	$1,185
Strategic Objective 1.2: Expand Digital Services	$1,871
Strategic Objective 1.3: Build a Customer-Focused Organization	$8,188
Strategic Goal 2: Build an Inclusive, Engaged, and Empowered Workforce	**$653**
Strategic Objective 2.1: Promote Diversity, Equity, Inclusion, and Accessibility in Hiring and Advancement	$191
Strategic Objective 2.2: Support Employees' Chosen Career Paths	$462
Strategic Goal 3: Ensure Stewardship of SSA Programs	**$2,719**
Strategic Objective 3.1: Improve the Accuracy and Administration of Our Programs	$1,960
Strategic Objective 3.2: Identify and Eliminate Potential Barriers to Access Contracts and Grants	$19
Strategic Objective 3.3: Improve Organizational Performance and Policy Implementation	$740

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

For FYs 2022–2023, our APGs were:

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

We made notable progress towards our goal of providing increased outreach and improved benefit delivery, including to communities of color and underserved communities. By September 30, 2023, we increased the number of all SSI applications by nearly 15 percent, relative to the 2021 baseline, restoring rates closer to pre-pandemic levels, as well as increased the number of SSI applications from underserved communities by over 25 percent, relative to the 2021 baseline.

We set ambitious FYs 2022–2023 APG targets to improve the average processing times for initial claims and to work down older cases and to reduce the average speed of answer on our National 800 Number. In FY 2023, we processed over 90,000 more initial disability claims than we did in FY 2022. While we will did not achieve our plan to reduce the average wait time to 164 days for all initial claims, we are prioritizing these efforts. In addition, we completed about 97 percent of our cases that started FY 2023 pending 180 days or more, surpassing our APG target of 85 percent. Similarly, while our 36 minute average speed of answer is greater than the 12 minutes projected in the APG, we are diligently working to establish the technology to improve service.

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

Summary of Fiscal Year 2023 Performance

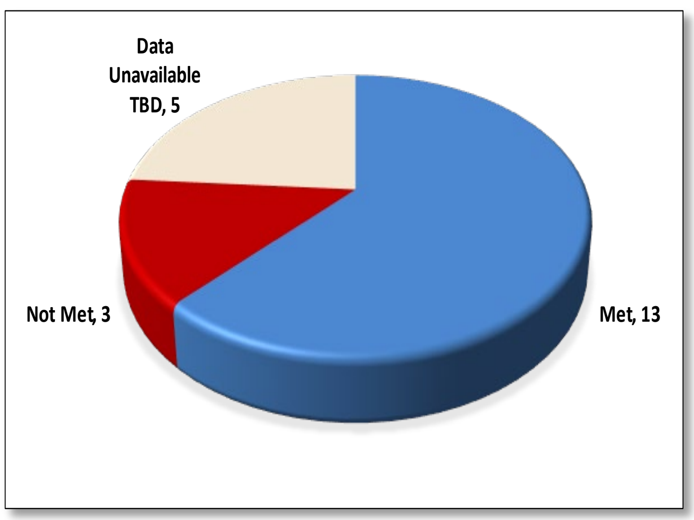
This section provides an overview of progress made in accomplishing the strategic objectives and performance measures and targets included our published [FYs 2022–2024 Annual Performance Plan and Report](). We highlight the approaches we used to achieve our FY 2023 performance measures, outline some of the challenges we faced meeting these goals, and provide an analysis of our performance.

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

For FY 2023, we have 21 performance measures that we use to track progress toward meeting our Strategic Goals and Strategic Objectives. Overall, we met our targets for 13 of the 16 performance measures with available data. Final data for 5 of the remaining performance measure targets were not available at the time we published this report. The unavailable data results are indicated as to be determined (TBD). Additional details about available FY 2023 results are in the sections below.

We will publish final data for all performance measures in our *Annual Performance Plan for FY 2025, Revised Performance Plan for FY 2024, and Annual Performance Report for FY 2023* in February 2024.

Summary of Our FY 2023 Performance Measure Results



Strategic Goal 1: Optimize the Experience of SSA Customers

Strategic Objectives

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

Create a *my* Social Security account

SSA.gov/myaccount

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

Strategic Objective 1.1: Identify and Address Barriers to Accessing Services

We expanded our network of advocates and community-based organizations and met with them regularly to address the needs of people facing barriers to accessing our services. As outlined in our Equity Action Plan, we are improving our ethnicity data collection, which helps us better understand how our programs work for different groups and take steps to better serve those groups.

We collected customer feedback to help us better understand customer perceptions, needs, and preferences. We captured real-time customer feedback across all service channels to help identify pain points along customers' journeys. We collected customer feedback for two of our priority service designations: (a) Filing for Social Security retirement benefits and (b) Applying for a replacement Social Security card. We streamlined our customer feedback platform with enhanced feedback channels and data collection tools. We also conducted customer research, pain point analysis, service design, stakeholder enablement, and performance measurement for our third priority service designation, Obtaining Adult Disability Benefits.

In FY 2023, we partnered with SSI outreach organizations and advocacy groups that help people apply for SSI, resulting in over 3,750 SSI claims filed. We completed over 19,000 outreach events for underserved communities. We developed Diversity, Equity, Inclusion, and Accessibility (DEIA) training that helps our adjudicators understand, recognize, and remove barriers to fair and equitable decision-making.

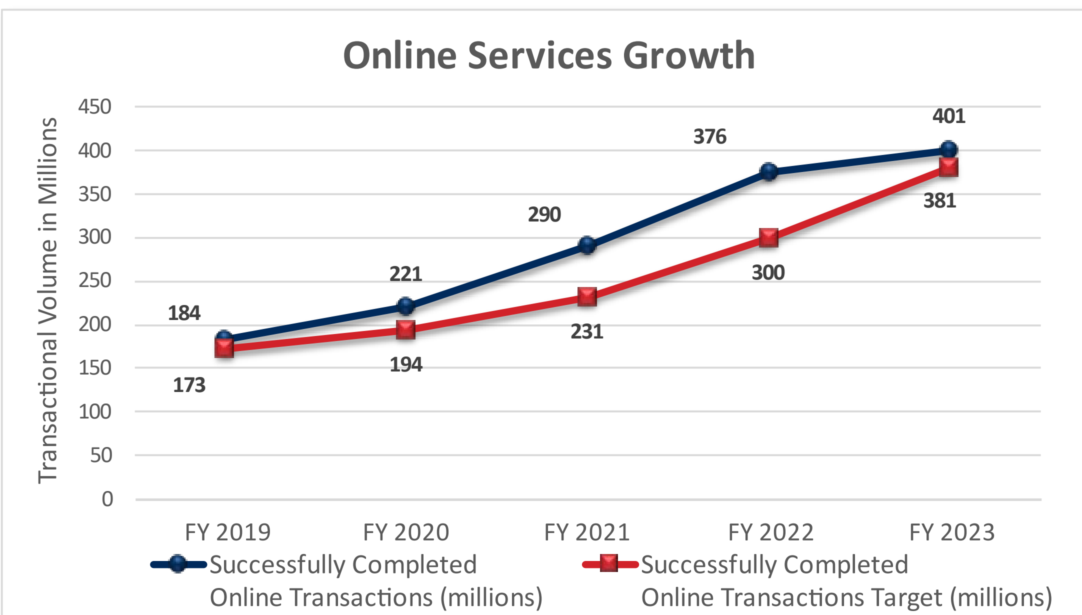
Strategic Objective 1.2: Expand Digital Services

We enhanced the customer experience by providing convenient, user-friendly, and secure digital self-service options.

We began the rollout of our digital self-service option *Upload Documents* to allow individuals applying for or receiving certain services to upload forms, documents, or evidence associated with their transaction. We prioritized reviewing forms and policies to either remove signature requirements or allow electronic signature options. In FY 2023, we launched technician-initiated eSignature on 38 first-party forms.

Our online *my* Social Security portal offers a broad range of services, including changing an address or direct deposit information, getting personal retirement benefit estimates, and requesting a replacement Social Security Number (SSN) card.

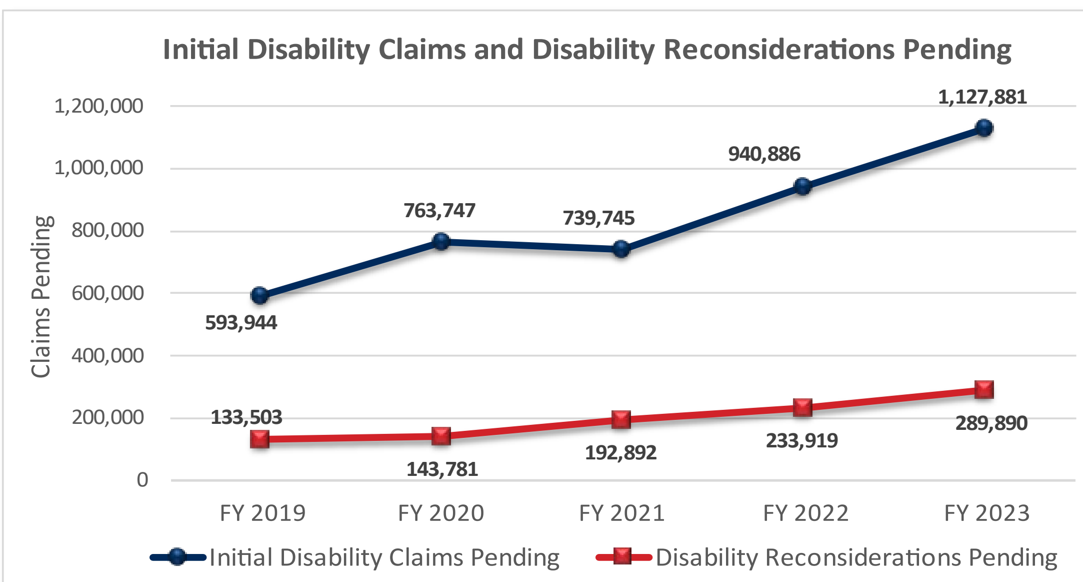
In FY 2023, we expanded our Internet SSN Replacement Card application to 47 States and Washington, DC, and customers can now change their name due to marriage in 9 States. We enhanced our online tax statement application (my1099), allowing customers to access historical benefit statements for five previous tax years. We implemented the *i454*, allowing adult beneficiaries to complete and submit the Medical CDR report online. We deployed our Enterprise Scheduling System to 50 States, Washington, DC, Puerto Rico, and the U.S. Virgin Islands, allowing customers to self-schedule enumeration appointments. We enhanced our text messaging services to allow customers to receive cost-of-living adjustment notice messages.



Strategic Objective 1.3: Build a Customer-Focused Organization

We prioritized improving the national average processing time for initial disability claims and reconsideration claims. In FY 2023, we did not achieve our projected Initial Disability Claim average processing time performance, however, to address the growing volume of pending initial and reconsideration claims, we re-directed Federal resources to provide immediate, direct support for disability claims processing. We convened specialized workgroups to develop and implement solutions to eliminate the disability backlog and recruit and retain employees at the State level. We established a national contract to recruit and manage medical and psychological consultants and issued guidance permitting telehealth for certain consultative examinations. We also onboarded 2 large health networks and 20 new health partners to increase the submission of electronic medical evidence and utilize software to generate a list of cases containing medical evidence that will likely meet or equal a medical listing. We improved disability, hearings, and appeals case processing systems through our enterprise-wide efforts to develop and implement modern, national claims processing systems.

Our Processing Centers (PC) process highly complex cases that require manual handling. We remain focused on addressing a backlog of pending actions. We took steps to address the backlog by transferring workloads among all the PCs to ensure that all available processing capacity is engaged. We are also processing the oldest pending cases across all workloads while balancing the continued processing of younger case priorities. In FY 2023, we hired PC staff to help reduce pending actions.



The following dashboard shows our FY 2023 performance measures status, including the Strategic Goal, Objectives, and a brief summary of our performance:

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

Strategic Objective	Performance Measure	Performance Results Met/Not Met	Performance Summary
1.1: Identify and Address Barriers to Accessing Services	1.1a: Redesign SSA's website to enhance the user's online experience	**Met**	Customer satisfaction with our website was 69.7%, which exceeded our target to achieve a 1.5% increase from the 47.7% baseline.
	1.1b: Collect Customer Feedback	**Not Met**	We did not establish end of journey feedback collection for priority service designations due to technical resource constraints.
1.2: Expand Digital Services	1.2a: Increase the number of successfully completed online transactions	**Met**	We successfully completed 401.5 million online transactions, exceeding our FY 2023 target of 381 million online transactions and completing about 25.8 million more transactions than FY 2022.
	1.2b: Expand video service delivery	**Not Met**	We continue to work through testing with DHS to issue non-U.S. Citizen replacement cards.
1.3: Build a Customer-Focused Organization	1.3a: Provide uninterrupted access to our systems during scheduled times of operations	**Met**	Our systems availability was 99.95%, which exceeded our target of 99.90%.
	1.3b: Modernize evidence acquisition systems to drive increased electronic medical evidence volumes through a multi-channel strategy	**Not Met**	We acquired 55% of our medical evidence electronically, which was less than our 56% target, and the same as FY 2022.
	1.3c: Improve customer service by reducing the number of actions pending at the processing centers	**Met**	The number of actions pending at the processing centers was 4.6 million, below our target of 4.7 million.

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

Strategic Objectives

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

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

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

We implemented a proactive planning approach to ensure the effective hiring, development, and retention of a talented and diverse workforce. We conducted analyses on hiring and employee advancement through our annual Management Directive 715 reporting process, and worked to improve policies and practices to ensure a representative workforce and maintain compliance with the *Architectural Barriers Act* Accessibility Standards. We reaffirmed our agency-wide policy on prohibiting discrimination, including harassment, based on sexual orientation, gender identity, or gender expression.

In FY 2023, we developed our FYs 2023–2026 Human Capital Operating Plan to address retention and attrition challenges through Strategic Workforce Planning. We conducted a DEIA analysis of our national mentoring program and established a workgroup with key agency stakeholders to identify strategies to increase the diversity of mentors. We announced direct hiring authority on our Careers with SSA website, which allows managers to directly recruit and hire candidates to fill critical positions, and added inclusive language in our job announcements in support of our DEIA Strategic Plan. Additionally, we updated our employee engagement resources, including executive and manager toolkits, to enable agency leaders to streamline workforce planning efforts and mitigate the impact of attrition.

Strategic Objective 2.2: Support Employees' Chosen Career Paths

We focused on improving employee engagement, strengthening our performance management process, and ensuring equity in leadership development. We expanded and diversified applicant pools through targeted recruitment of underrepresented groups. We also employed tools that support executive and management development, including attrition and retention analysis, employee feedback surveys, and targeted Improving Workplace Morale plans.

In 2023, we launched our traditional Mentoring Program with 350 mentees and over 250 mentors. We hosted activities that included mentoring program guidance, action planning, and focus groups for program improvement. We implemented mini-flash mentoring events for over 5,600 employees, focusing on career development, interpersonal skills, and soft skills. We presented career development topics focused on planning, interviewing, and resources. We also hosted the National Leadership Development Program (NLDP) Preparatory Series (an NLDP improvement), offering prospective applicants a series of four training sessions to prepare for the FY 2024 NLDP assessment process.

The following dashboard shows our FY 2023 performance measures status, including the Strategic Goal, Objectives, and a brief summary of our performance:

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

Strategic Objective	Performance Measure	Performance Results Met/Not Met	Performance Summary
2.1: Promote Diversity, Equity, Inclusion, and Accessibility in Hiring and Advancement	2.1a: Enhance the leadership and executive pipelines through modernized national leadership and executive development programs	**Met**	We implemented 67% of NLDP improvements recommendations based on program evaluation feedback (NLDP Preparatory Series), exceeding our 50% target.
	2.1b: Increase the use of workforce data analyses to support executive workforce and succession planning and data-driven decision making	**Met**	We released four new workforce planning and analysis resources on Exercising Inclusive Decision-Making, Workload Prioritization Tool, Knowledge Sharing Tool, and Workforce Projections.
2.2: Support Employees' Chosen Career Paths	2.2a: Improve employee engagement	**TBD**	Results available in Q1 of FY 2024
	2.2b: Ensure new supervisors receive timely training to improve their leadership skills and competencies	**Met**	Ninety-six percent of new supervisors completed training within one year of the effective date of their supervisory appointment, which exceeded our 95% target, and is an improvement of about 14% compared to FY 2022.
	2.2c: Strengthen manager accountability for effective performance management	**Met**	We maintained 96% of performance documents within e7B, which matched our FY 2023 target.

Strategic Goal 3: Ensure Stewardship of SSA Programs

Strategic Objectives

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

Antifraud facts

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

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

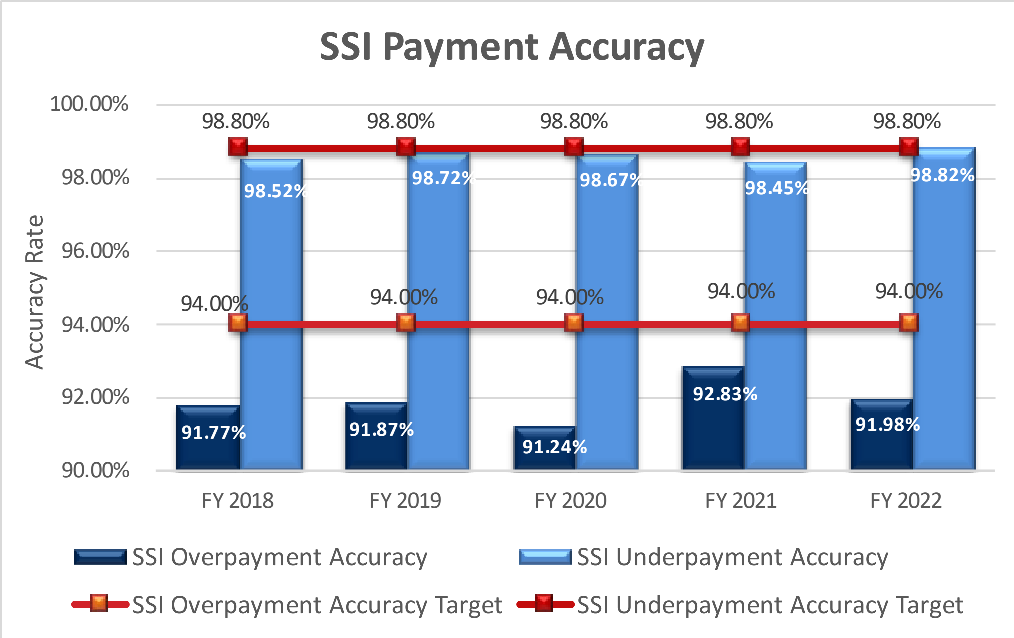
Dedicated program integrity funding helped ensure individuals receive the benefits to which they were entitled and helped safeguard the integrity of benefit programs by confirming eligibility, improving payment accuracy for overpayments and underpayments, and preventing fraud.

In addition, program integrity funding allows us to conduct SSI redeterminations, conduct the anti-fraud cooperative disability investigations program, and support special attorneys for fraud prosecutions. We will continue these efforts to ensure public confidence in our programs and operations and to ensure we are providing beneficiaries the correct benefits to which they are entitled.

Our online debt management processing provides beneficiaries with options to repay debts and enables us to effectively and efficiently post, track, collect, and report on overpayments. Our mobile wage reporting application and Optical Character Recognition functionality for scanning and uploading photographed documents makes it easier for SSI recipients to report wages from mobile devices.

In FY 2023, we mailed beneficiary notices regarding potential eligibility for higher benefits on their own earnings record and higher surviving divorced spouse benefits due to the death of their ex-spouse. We released videos on YouTube, social media platforms, and in field office waiting rooms explaining the importance of reporting wages and the various options available for reporting. We released the annual National Anti-Fraud Training to our employees, covering fraud and social media, organizational representative payee fraud, and identity theft.

We focused on improving our SSI payment accuracy, modernizing our debt management system, and expanding our cybersecurity program to ensure the integrity of our programs.



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

We focused on eliminating potential barriers to acquisition and grant opportunities. We targeted outreach to Historically Black Colleges and Universities (HBCU) and Institutions Serving Students of Color (ISSC) to solicit feedback about our grantmaking process and potential barriers. We also communicated with bidders and recipients of our contracts for Historically Underutilized Business Zone, Woman-Owned, Veteran-Owned, and Small Disadvantaged Businesses to learn about their experiences with our procurement process, barriers they encountered, and recommended solutions to eliminate these barriers.

In FY 2023, we announced the Interventional Cooperative Agreement Program, Retirement and Disability Research Consortium, and Analyzing Relationships between Disability, Retirement, and Work funding opportunities to targeted research audiences, including 180 HBCUs and ISSCs. We hosted an Industry Day with over 300 registered small business contractors to present upcoming information technology modernization initiatives and associated contracting opportunities. We updated our Procurement Forecast on a quarterly basis.

Strategic Objective 3.3: Improve Organizational Performance and Policy Implementation

We partnered with other Federal agencies to share data and develop strategies to address Government-wide initiatives. We increased the accuracy of our records, improved the customer experience, and increased organizational effectiveness, by providing SSN verifications and exchanging birth, death, prisoner, and benefit payment information, as permitted under law, with Federal, State, and private partners. We collaborated with the Department of Treasury and

Office of Management and Budget to initiate a new data exchange agreement to provide State death data to the Department of the Treasury for the Do Not Pay system, in support of *Consolidated Appropriations Act,* 2021. We also reached an agreement with the States on death data pricing.

In FY 2023, we hosted data exchange meetings with our Federal and private sector partners regarding confidentiality and disclosures, data safeguarding requirements, financial agreements, and the future of work. Additionally, we updated regulatory provisions to reflect advances in medical knowledge and emerging research by publishing a final rule to update the listing of impairments for Digestive and Skin Disorders.

The following dashboard shows our FY 2023 performance measures status, including the Strategic Goal, Objectives, and a brief summary of our performance:

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

Strategic Objective	Performance Measure	Performance Results Met/Not Met	Performance Summary
3.1: Improve the Accuracy and Administration of Our Programs	3.1a: Improve the integrity of the Supplemental Security Income program by focusing our efforts on reducing overpayments[2]	**TBD**	Results available in Summer 2024
	3.1b: Maintain a high payment accuracy rate by reducing overpayments, in the Old-Age, Survivors, and Disability Insurance program[2]	**TBD**	Results available in Summer 2024
	3.1c: Modernize our Debt Management System	**Met**	We expanded our automated remittance processing capabilities by increasing the use of lockbox services for SSI remittances.
	3.1d: Ensure the quality of our decisions by achieving the State disability determination services net and decisional accuracy rate for initial disability decisions	**TBD**	Results available in January 2024
	3.1e: Maintain effective cybersecurity and privacy programs	**Met**	We achieved 90% on the Chief Information Officer *Federal Information Security Modernization Act* Metrics Scorecard, exceeding our target of 81% and improving the agency's cybersecurity posture.

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

Strategic Objective	Performance Measure	Performance Results Met/Not Met	Performance Summary
	3.1f: Ensure timely and accurate payments to appointed representatives	Met	We achieved an average processing time of 45 days, which was below our target of 60 days and an improvement of about 26 days on average compared to FY 2022.
3.2: Identify and Eliminate Potential Barriers to Access Contracts and Grants	3.2a: Small Business Administration annual scorecard success in contracting with Historically Underutilized Business (HUB) Zone, Woman-Owned, Veteran-Owned, and Small Disadvantaged Businesses	TBD	Results available in Spring of 2024
	3.2b: Increase funding for HBCUs and ISSCs	Met	We increased funding by 110%, exceeding our target of 50% above the 4-year average.
3.3: Improve Organizational Performance and Policy Implementation	3.3a: Reduce our real property footprint	Met	We achieved a 108,614 Useable Square Footage (USF) reduction, exceeding our target of 70,000 USF.

Scammers Are Pretending to be Government Employees

The Social Security Administration will never threaten, scare, or pressure you to take an immediate action.

DO NOT BE FOOLED! IF YOU RECEIVE A SUSPICIOUS CALL: DO NOT give them money or personal information!

Report the scam at oig.ssa.gov. For more information, visit our Antifraud Facts website.

Looking Forward – Facing Our Challenges

Millions of people depend on us for a financial safety net; it is imperative that we provide timely, quality service. To meet the critical needs of the public, we will enhance our services, advance our policies and business processes, and evolve our technological solutions. We are making clear our acceptable service levels to ensure we align our resources to achieve service improvements in our core workloads.

We are focused on rebuilding our workforce to address our service challenges. One of our key priorities is addressing our record backlogs in disability cases. We are diligently assisting the State DDSs who make disability decisions on our behalf. We are implementing new strategies to address recruitment and retention issues. We deployed Federal cadres to assist the DDSs in processing cases, especially where the DDSs face disproportionate staffing losses. We are using our disability case processing system and other technologies to help us identify cases that meet the criteria for expedited processing.

Our customers count on our National 800 Number agents to answer important questions. Too many people have experienced lengthy delays waiting to speak with an agent, particularly during our peak call periods. We have hired additional telephone agents and are transitioning our National 800 Number to a new service platform, our Next Generation Telephony Project, which we expect will improve some of our current service challenges.

We use technology to provide the public with convenient, user-friendly, and secure self-service options. More people are embracing the convenience of online services. We are improving the customer experience by expanding our digital services and modernizing our systems to provide the public with convenient online and automated service options.

We are committed to ensuring that our programs and services are reaching underserved communities and people facing barriers to accessing our services. We are continuing our SSI outreach work, including collaborating with Federal and State Government agencies and third-party organizations to make the public aware of potential benefit eligibility.

We are committed to climate adaptation and resilience planning to reduce climate change risks. Our *Climate Action Plan* reaffirms our vision to improve our capacity to assess and build resilience to climate change risks. We provide information on Climate-Related Financial Risk in the *Other Reporting Requirements* section.

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

HIGHLIGHTS OF FINANCIAL POSITION

Overview of Financial Data

We received an unmodified opinion on our financial statements from Ernst & Young LLP. Our financial statements combined the results from the programs we administer, which include the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs (referred to as OASDI when discussing them in combination), and the Supplemental Security Income (SSI) program. OASI and DI have separate funds, which are financed by payroll taxes, interest on investments, and income taxes on benefits. General revenues from the U.S. Treasury finance SSI. Our financial statements, notes, and additional information are located in the *Financial Section* of this report. The following table presents key amounts from our basic financial statements for fiscal years (FY) 2021 through 2023 (excluding key amounts from our Statements of Social Insurance and Statements of Changes in Social Insurance Amounts, which we present in the Table of Key Social Insurance Measures located in the Overview of Social Insurance Data section).

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

Net Position (end of fiscal year)			
	2023	2022	2021
Total Assets	$2,856.4	$2,877.0	$2,893.3
Less Total Liabilities	$157.0	$136.8	$121.5
Net Position (assets net of liabilities)	$2,699.4	$2,740.2	$2,771.8

Change in Net Position (end of fiscal year)			
	2023	2022	2021
Net Costs	$1,433.3	$1,294.4	$1,194.2
Total Financing Sources[2]	$1,392.5	$1,262.8	$1,136.4
Change in Net Position	$(40.8)	$(31.6)	$(57.8)

Notes:

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

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

Total assets for FY 2023 are $2,856.4 billion, a 0.7 percent decrease over the previous year. Of the total assets, $2,838.6 billion relate to funds from dedicated collections for the OASI and DI programs. By statute, we invest those funds not needed to pay current benefits in interest-bearing Treasury securities. Our Investments line, which includes interest receivable and accounts for approximately 99.2 percent of our assets, decreased $21.9 billion from the previous year. This decrease is due to a reduction in OASI investments during FY 2023, as the program's obligations exceeded receipts. This increase in obligations is due primarily to an increase in beneficiaries and the 8.7 percent Cost of Living Adjustment (COLA) beneficiaries received in 2023.

Liabilities grew in FY 2023 by $20.2 billion primarily because of the growth in benefits due and payable, which is primarily due to an increase in the number of OASI beneficiaries, and the 8.7 percent COLA provided to beneficiaries in 2023. The majority of our liabilities (92.7 percent) consists of benefits that have accrued as of the end of the fiscal year, but have not been paid as of September 30, 2023. By statute, payment of OASI and DI program benefits for the month of September does not occur until October. Our net position decreased $40.8 billion to $2,699.4 billion as a result of the decrease in assets and increase in liabilities in FY 2023.

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

Our net cost of operations includes the gross costs we incurred less any exchange revenue earned from activities. In FY 2023, our total net cost of operations increased $138.9 billion to $1,433.3 billion, primarily due to a 2.5 percent increase in the number of OASI beneficiaries, and the 8.7 percent COLA provided to beneficiaries in 2023. The OASI, DI, and SSI net cost increased by 12.0 percent, 6.0 percent and 0.1 percent respectively. Operating expenses increased for the OASI, DI, and SSI programs by 5.9 percent, 1.2 percent, and 5.4 percent respectively. When evaluating our OASI, DI, and SSI Programs, our administrative operating expenses for these programs are only 0.9 percent of these programs' total benefit expenses.

In FY 2023, our total benefit payment expenses increased by $137.8 billion, a 10.8 percent increase. The following table provides the benefit payment expense information, number of beneficiaries, and the percentage change for these benefit items during FY 2023 and FY 2022 for each of our three major programs. The decrease in SSI benefit payment expense from FY 2022 to FY 2023 is due to 12 months of benefit payments in FY 2023 versus 13 months of payments in FY 2022 resulting from the October 2022 payments being accelerated into FY 2022 as the payment date fell on a weekend. This decrease is offset by an increase in benefit payment expense in FY 2023 due to the 8.7 COLA provided to beneficiaries in 2023. Refer to Note 1, Summary of Significant Accounting Policies in the *Financial Section* of this report for additional information on benefit payments.

Benefit Changes in Our Major Programs During Fiscal Years 2023 and 2022

	FY 2023	FY 2022	% Change
OASI			
Benefit Payment Expense	$1,204,269	$1,075,126	12.0%
Average Monthly Benefit Payment	$1,759.67	$1,597.58	10.1%
Number of Beneficiaries	58.24	56.84	2.5%
DI			
Benefit Payment Expense	$155,148	$146,259	6.1%
Average Monthly Benefit Payment	$1,350.00	$1,232.11	9.6%
Number of Beneficiaries	8.60	8.95	(3.9)%
SSI			
Benefit Payment Expense	$58,374	$58,581	(0.4)%
Average Monthly Benefit Payment	$676.06	$622.76	8.6%
Number of Beneficiaries	7.45	7.57	(1.6)%

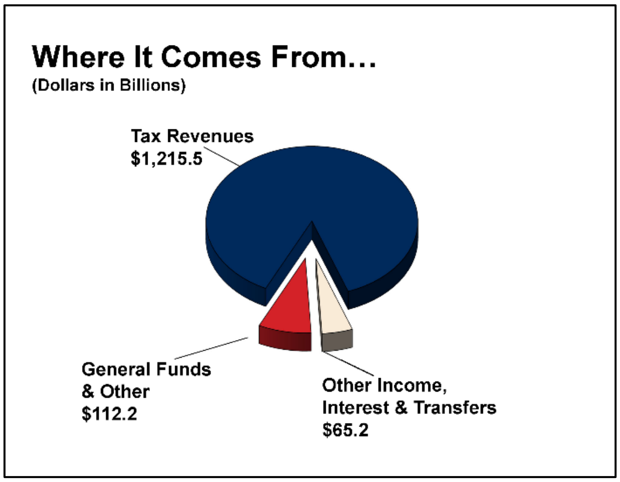
Notes:

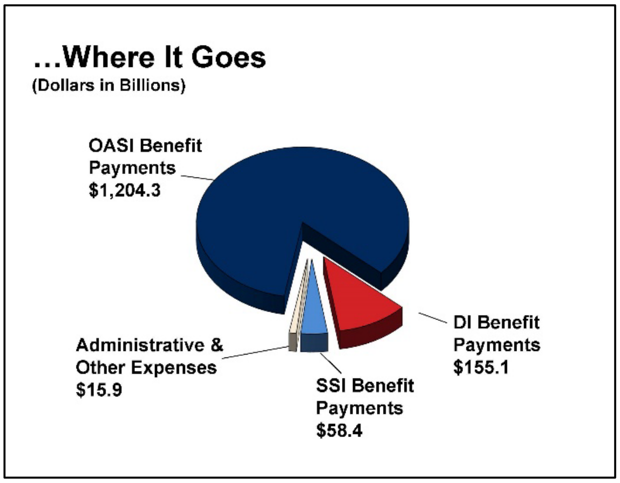
1. Benefit payment expense and the number of beneficiaries are presented in millions.
2. The average monthly benefit payment for OASI, DI, and SSI programs is presented in actual dollars.
3. The average monthly benefit payment and number of beneficiaries for OASI, DI, and SSI is as of September 30.

Statement of Changes in Net Position: The Statement of Changes in Net Position, located in the *Financial Section* of this report, presents those accounting items that caused the net position section of the Balance Sheet to change from the beginning to the end of the reporting period. The Statement shows a decrease of $40.8 billion in the net position of our agency, which is attributable to our net cost exceeding our financing sources. OASDI financing sources are primarily made up of tax revenues and interest earned. In addition, OASDI financing sources are affected by transfers-in from our Payments to the Trust Fund accounts and transfers-out to our Limitation on Administrative Expenses accounts and the Railroad Retirement Board. We use most of the resources available to us to finance OASDI benefits and cover administrative expenses. As of September 30, 2023, OASI's FY 2023 net cost exceed financing sources, decreasing its net position. DI's FY 2023 financing sources exceed its net cost, increasing its net position.

In FY 2023, total financing sources, as shown in the Table of Key Financial Measures displayed earlier in this section, increased by $129.7 billion to $1,392.5 billion. This increase is primarily due to an increase in OASI and DI tax revenues received in FY 2023. Tax revenue increased $128.6 billion to $1,215.5 billion in FY 2023 due primarily to an increase in OASDI employment tax collections during FY 2023, as estimates and the related collections continue to increase in both programs post the COVID-19 pandemic. In addition, there was a $34.0 billion positive adjustment to tax collections processed during FY 2023 that is also contributing to the increase. This adjustment was the result of true-ups of the estimated taxable earnings to actual wage data received by Treasury. The $1,392.5 billion in total financing sources from the Statement of Changes in Net Position will not match the amounts reported in the following "Where It Comes From…" chart. The activity reported in the chart includes $0.3 billion in exchange revenue. Our exchange revenues primarily include payments of fees we receive from States that have us administer their State Supplementation of Federal SSI benefits. These amounts are reported on the Statement of Net Cost and are not classified as a financing source.

The following charts summarize the activity on our Statement of Net Cost and Statement of Changes in Net Position by showing the sources and uses of funds for FY 2023.





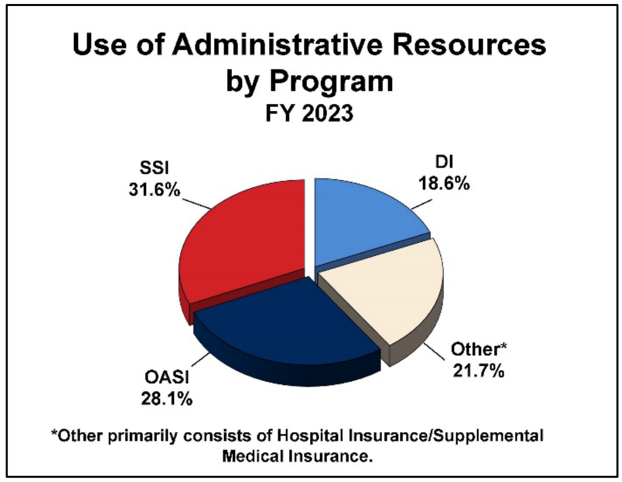
Note: The individual items included in the "Where It Comes From…" chart total $1,392.9 billion. Of this total, 0.3 billion relates to exchange revenue, which is not included on the Statement of Changes in Net Position. Please note, the $1,392.9 billion total in the chart will not tie to the sum of the Total Financing Sources and Exchange Revenue listed in the text above due to rounding.

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

Statement of Budgetary Resources: The Statement of Budgetary Resources, located in the *Financial Section* of this report, provides information on the budgetary resources available to our agency for the year and shows the status of those resources at the end of FY 2023. The Statement shows that we had $1,511.7 billion in budgetary resources, of which $4.9 billion remained unobligated at year-end. We recorded total net outlays of $1,416.3 billion by the end of the year. Budgetary resources increased $141.2 billion, or 10.3 percent, from FY 2022, while net outlays increased $134.3 billion, or 10.5 percent. The increase in budgetary resources is primarily due to the increase in tax revenues collected by the OASDI Trust Funds in FY 2023. The increase in net outlays is primarily due to an increase in the number of OASI beneficiaries and the 8.7 percent COLA provided to beneficiaries in 2023.

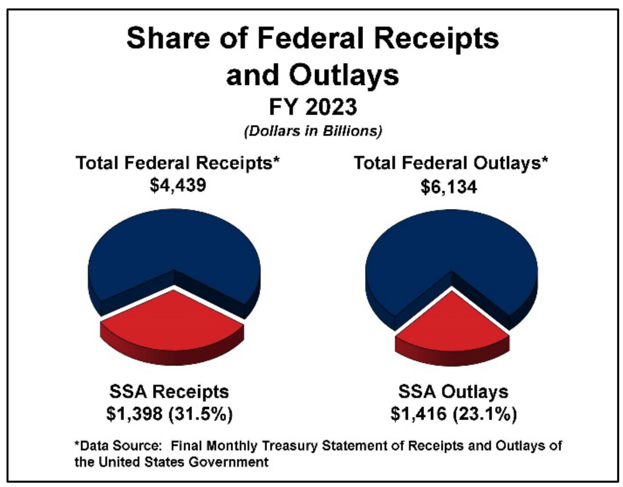
Use of Administrative Resources

The chart to the right displays the use of all administrative resources (including general operating expenses) for FY 2023 in terms of the programs we administer or support. Although the DI program comprises only 10.9 percent of the total benefit payments we make, it consumes 18.6 percent of annual administrative resources. Likewise, while the SSI program comprises only 4.1 percent of the total benefit payments we make, it consumes 31.6 percent of annual administrative resources. State disability determination services decide whether the claimants for DI and SSI disability benefits are disabled. In addition, disability determination services perform continuing disability reviews of individuals receiving DI and SSI disability payments to ensure continued eligibility for benefits. The FY 2022 use of administrative resources by program was 28.4 percent for the OASI program, 19.8 percent for the DI program, 32.1 percent for the SSI program, and 19.7 percent for Other.



Share of Federal Operations

The programs we administer constitute a large share of the total receipts and outlays of the Federal Government, as shown in the chart to the right. Receipts for our programs in FY 2023 represented 31.5 percent of the $4.4 trillion in total Federal receipts, an increase of 5.6 percent from last year. SSA Outlays increased by 2.7 percent to 23.1 percent of Federal outlays. SSA outlays increased in FY 2023 compared to FY 2022 by $134.3 billion, while Federal outlays decreased by $137.1 billion.



Overview of Social Insurance Data

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

Statements of Social Insurance Old-Age, Survivors, and Disability Insurance (OASDI) (calendar year basis)			
	2023	2022	2021
Present value of future net cash flows[2] for current and future participants over the next 75 years (open group measure), current year valuation	$(25,252)	$(23,301)	$(22,742)
Present value of future net cash flows[2] for current and future participants over the next 75 years (open group measure), prior year valuation	$(23,301)	$(22,742)	$(19,696)
Change in present value[3]	$(1,951)	$(560)	$(3,045)

Notes:

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

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

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

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

The present value of estimated future net cash flows (estimated noninterest income less estimated cost for scheduled future benefits) for all current and future participants over the next 75 years (open group measure) decreased from -$23.3 trillion, as of January 1, 2022, to -$25.3 trillion, as of January 1, 2023. The deficit, therefore, increased in magnitude by about $2.0 trillion. Including the reserves in the combined OASI and DI Trust Funds increases this open group measure by about $2.8 trillion, to -$22.4 trillion, for the 75-year valuation period.

The present value of estimated future net cash flows for all current participants (who attain age 15 or older in the first year of the projection period) over the next 75 years, plus the reserves in the combined OASI and DI Trust Funds as of the beginning of the period, is -$47.5 trillion (closed group measure). Including future participants (those under age 15 and to be born during the projection period) over the next 75 years decreases the projected deficit by $25.1 trillion to the open group measure of -$22.4 trillion.

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

From January 1, 2022 to January 1, 2023: Changes in the present value of estimated future net cash flows for this valuation are due to the following factors:

- Advancing the valuation date by one year and including the additional year, 2097, by itself decreased the present value of estimated future cash flows by $0.7 trillion;
- Changes in demographic data, assumptions, and methods decreased the present value of estimated future net cash flows by $0.1 trillion;
- Changes in economic data, assumptions, and methods decreased the present value of estimated future net cash flows by $0.8 trillion;
- Changes in programmatic data and methods decreased the present value of estimated future net cash flows by $0.3 trillion; and
- Changes in law or policy had a negligible effect on the present value of estimated future net cash flows.

Significant changes made for this valuation included:

- Updating data for the historical population, other-than-lawful permanent resident immigration, and marriage and divorce—including incorporating 2020 and 2021 data from the American Community Survey;
- Revising the levels of gross domestic product (GDP) and labor productivity down by about 3.0 percent by 2026 and for all years thereafter;
- Increasing the annual percentage change in the average OASDI covered wage, adjusted for inflation, by about 0.02 percentage point to an average of 1.14 percentage points over the last 65 years of the 75-year projection period;
- Updating the sample of retired-worker and disabled-worker beneficiaries who have become newly entitled for benefits, which is used in the long-range model to project average benefit levels; and
- Updating the post-entitlement benefit adjustment factors, which are used to account for changes in benefit levels, primarily due to differential mortality by benefit level and earnings after benefit entitlement.

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

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

Significant changes made for this valuation included:

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

- Increasing near-term and ultimate levels of revenue from income taxation of OASDI benefits.

OASI and DI Trust Fund Solvency

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

Pay-As-You-Go Financing

The OASI and DI Trust Funds are deemed solvent as long as reserves are sufficient to finance program obligations in full and on a timely basis. Such solvency is indicated, for any point in time, by the maintenance of positive OASI and DI Trust Fund reserves. Beginning in 2021, program obligations for the OASDI program have exceeded income, including interest income on reserves held in the combined OASI and DI Trust Funds, therefore, the combined OASI and DI Trust Fund reserves have declined. The reserves are projected to continue to decline until reserves become depleted in 2034.

The following table shows that the combined OASI and DI Trust Fund reserves, expressed in terms of the number of months of program obligations that these reserves could finance, has been declining slowly. This measure indicates the ability of the OASI and DI Trust Funds to cover most short-term financial contingencies. The number of months that the reserves of the combined OASI and DI Trust Funds could finance was 31.8 months at the end of FY 2019, declining to 30.8 months at the end of FY 2020, to 28.1 months at the end of FY 2021, and to estimated values of 25.2 and 23.1 months at the end of FY 2022 and FY 2023, respectively.

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

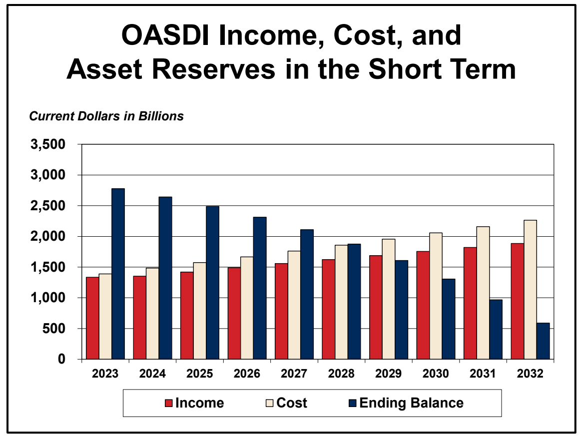
	2023	2022	2021	2020	2019
OASI	24.6	27.2	30.8	34.0	35.5
DI	10.9	9.1	8.1	8.1	7.9
Combined	23.1	25.2	28.1	30.8	31.8

Notes:

1. Computed as 12 times the ratio of end-of-year reserves to cost in the following fiscal year.
2. Values for FY 2022 and FY 2023 are estimates based on the intermediate set of assumptions of the 2023 Trustees Report.

Short-Term Financing

Having trust fund reserves at the beginning of a year at least equal to the projected cost for that year is a good indication that a trust fund can cover most short-term contingencies. Beyond this rough indication, the annual Trustees Reports also include some formal tests to assess financial status. Projections in the 2023 Trustees Report indicate that, on a hypothetical combined basis, the OASI and DI Trust Funds fail the test of short-range financial adequacy, and are therefore not sufficiently financed over the next 10 years. Under the intermediate set of assumptions of the 2023 Trustees Report, OASDI estimated costs of $2,264 billion and income of $1,886 billion for 2032 are 82 percent and 54 percent higher than the corresponding amounts in 2022 ($1,244 billion and $1,222 billion, respectively). From the end of 2022 to the end of 2032, combined OASI and DI Trust Fund reserves are projected to decrease by 79 percent, from $2.8 trillion to $0.6 trillion.



Long-Term Financing

Social Security's financing is not projected to be sustainable over the long term with the tax rates and benefit levels scheduled in current law. Under the intermediate set of assumptions of the 2023 Trustees Report, program costs will exceed income in all years of the 75-year projection period. The combined OASI and DI Trust Fund reserves are projected to become depleted in 2034. Tax revenues are projected to be sufficient to support expenditures at a level of 80 percent of scheduled benefits after the combined OASI and DI Trust Fund depletion in 2034, declining to 74 percent of scheduled benefits in 2097.

The primary reasons for the projected long-term inadequacy of financing under current law relate to changes in the demographics of the United States: birth rates dropping substantially after 1965, retirees living longer, and baby boomers beginning their retirements. In present value terms, the 75-year shortfall is $22.4 trillion, which is 3.42 percent of taxable payroll and 1.2 percent of GDP over the same period. Some of the possible reform alternatives being discussed–singularly or in combination with each other–are:

- Increasing payroll taxes;
- Slowing the growth in benefits;
- Finding other revenue sources (such as general revenues); or
- Increasing expected returns by investing the OASI and DI Trust Fund reserves, at least in part, in private securities.

Limitations of the Financial Statements

The financial statements beginning on page 53 are prepared to report the financial position, financial condition, and results of operations of the Social Security Administration, consistent with the requirements of 31 United States Code 3515(b). The statements are prepared from records of the Social Security Administration in accordance with Federal generally accepted accounting principles and the formats prescribed by the Office of Management and Budget. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

Management Assurances

Fiscal Year 2023 Acting Commissioner's Assurance Statement

SSA management is responsible for managing risks and maintaining effective internal control and financial management systems (FMS) to meet the objectives of Sections 2 and 4 of the *Federal Managers' Financial Integrity Act* (FMFIA). We conducted our assessment of risk and internal control in accordance with the requirements of Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Our assessment considered the design and operating effectiveness of our data quality controls to ensure they support *Digital Accountability and Transparency Act* reporting objectives as outlined in our *Data Quality Plan*. Based on the assessment results, we can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2023.

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

We conducted our assessment of the effectiveness of internal control over financial reporting, based on criteria established in the *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States. Based on the assessment results, we concluded that, as of September 30, 2023, SSA's internal control over financial reporting is effective.

The *Federal Financial Management Improvement Act of 1996* (FFMIA) requires Federal agencies to implement and maintain FMSs that comply substantially with: 1) Federal FMS requirements; 2) applicable Federal accounting standards; and 3) the U.S. Standard General Ledger at the transaction level. We assessed our FMSs in accordance with the requirements of OMB Circular No. A-123, Appendix D, *Management of Financial Management Systems – Risk and Compliance*. Based on the assessment results, we determined our FMSs substantially comply with FFMIA and conform to the objectives of FMFIA. In making this determination, we considered all available information, including the auditor's opinion on our fiscal year 2023 financial statements, the report on the effectiveness of internal controls over financial reporting, and the report on compliance with laws and regulations. We also considered the results of the FMS reviews and management control reviews conducted by the agency and its independent contractor.

Kilolo Kijakzi
Kilolo Kijakzi, Ph.D., M.S.W.
Acting Commissioner
November 14, 2023

Agency Federal Managers' Financial Integrity Act Program

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

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

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

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

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

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

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

Management Control Review Program

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

Financial Management Systems Review Program

The agency maintains an FMS inventory and conducts reviews of the FMSs to ensure they meet Federal requirements. In addition to our financial systems, we include all major programmatic systems in the FMS inventory. On a three-year cycle, an independent contractor performs detailed reviews of our FMSs. During fiscal year (FY) 2023, the results of these reviews did not disclose any significant weaknesses that would indicate noncompliance with laws, Federal regulations, or Federal standards.

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

In FY 2023, we engaged an independent accounting firm to assess our compliance with the revised Government Accountability Office's (GAO), *Standards for Internal Control in the Federal Government*. The standards provide the internal control framework and criteria that Federal managers should use to design, implement, and operate an effective internal control system that will provide us with reasonable assurance that we will achieve our operations, reporting, and compliance objectives. Based on the procedures performed, the independent accounting firm concluded we have an adequately designed system of internal controls that meets the GAO's standards.

Enterprise Risk Management

We continue to mature our Enterprise Risk Management (ERM) program in accordance with Office of Management and Budget Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. We have implemented a multi-year strategy that will further integrate our existing internal control and risk management frameworks with our strategic planning and review processes. During FY 2023, we continued to work on our training series to increase awareness of ERM and risk concepts among different levels of the agency as well as explain how to apply the training content to further ERM maturity and risk awareness throughout the agency. In addition to our training series, we developed the *Risk Evaluation, Assessment, and Considerations Handbook* to provide guidance in incorporating risk assessments and analyses into agency projects, initiatives, and decision memorandums. We also updated our risk appetite statement, including risk category appetites, to reflect the agency's current risk environment along with performed inherent risk re-assessments over our program and process risks to ensure we captured the inherent risk ratings appropriately. Finally, we updated our ERM Council charter based on lessons learned to improve communications and efficiencies surrounding the Council's responsibilities.

Financial Statement Audit

The Office of the Inspector General (OIG) contracted with Ernst & Young LLP (EY) for the audit of our FY 2023 financial statements. EY opined that the Consolidated Financial Statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles (GAAP) for Federal entities.

EY also opined that the Sustainability Financial Statements, which comprise the Statement of Social Insurance as of January 1, 2023, and the Statement of Changes in Social Insurance Amounts for the period January 1, 2022 to January 1, 2023, are presented fairly, in all material respects, in accordance with U.S. GAAP.

EY opined that we maintained, in all material respects, effective internal control over financial reporting as of September 30, 2023, based on the criteria established in the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States.

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

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

Federal Information Security Modernization Act

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

For the FY 2023 FISMA audit, EY identified a number of recommendations to mature the cybersecurity posture of the agency, including process improvements associated with the integration of our enterprise and cybersecurity risk management programs, leading EY to issue an overall Not Effective rating for our program. While we agree with the auditor's high-level recommendations for continuous program improvement, we regard our program as Effective, especially when factoring in our real-world experience and performance with protecting our network and systems from multiple critical threats and vulnerabilities impacting the Federal enterprise. While the Inspector General (IG) FISMA Metrics are strongly encouraged for use as evaluation criteria, it is our understanding that they were not designed to be the sole determinant of maturity. As established in OMB's FY 2023-2024 IG FISMA Reporting Metrics, "IGs should consider both their and the agency's assessment of unique missions, resources, and challenges when determining information security program effectiveness." Additionally, it states, "Therefore, an IG has the discretion to determine that an agency's information security program is effective even if the agency does not achieve a Level 4 (managed and measurable)."

We also concur with EY's effective rating for our Incident Response program, further demonstrating our commitment to ensure incident detection and handling are in place to battle an evolving threat landscape. Our response to these evolving threats amid well publicized exploits of corporate and government entities in FY 2023 demonstrates our capabilities to protect the agency's information technology (IT) assets.

As evidenced by our improved FY 2023 scores, we continuously enhance our cybersecurity controls and elevate our maturity levels. We understand the importance of strong enterprise cyber governance and managing associated cyber risks are of upmost importance to our agency and we will continue our efforts to further improve our performance across all FISMA domains. For this reason, we strengthened and expanded our Information System Security Officer program to provide improved front line security oversight for agency components, regions, and distributed sites.

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

Financial Management Systems Strategy

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

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

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

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

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

In FY 2023, we completed the major task of upgrading the underlying SSOARS database version from 12c to 19c. We completed our Fusion Middleware patching across all environments and implemented multiple major releases to G-Invoicing to support additional functionality and apply bug fix patches from Oracle. We implemented multiple enhancements to the agency's custom accounting processes via the Oracle Sub-Ledger Accounting module and added high availability support to parts of the Social Security Electronic Remittance System (SERS) user interface that were not highly available, while also reducing the resource use of this user interface. We upgraded our single sign-on services and replaced an aging configuration reporting system from Oracle with a custom solution. Finally, we completed an analysis of SSOARS rehosting options and procured replacement on-premises hardware which arrived in September 2023.

Throughout FY 2024, we are working to execute a major project to bring up the new hardware and move SSOARS functionality to it. The move to new hardware entails a change from Solaris to LINUX operating systems. This effort changes both the hardware and the operating system. We expect additional G-Invoicing patches and releases in FY 2024. We are replacing BI Publisher with agency supported WebFOCUS reporting and retire BI Publisher as it is not supported on LINUX.

Digital Accountability and Transparency Act

We submitted and certified the required reports for the *Digital Accountability and Transparency Act* (DATA Act) for the fourth quarter of FY 2022 and the first, second, and third quarters of FY 2023. These reports were submitted monthly as required by OMB Memorandum M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*. Additionally, we have submitted the required reports for July, August, and September 2023.

We are continuing to engage with the DATA Act community to develop improvements to the DATA Act Information Model Schema (DAIMS). We participate in workgroups to develop policy, guidance, and new reporting requirements. The DATA Act effort will continue to enhance our transparency through improved consistency. In addition, we are providing more detailed data to USASpending.gov and additional data to Treasury. For FY 2023, we implemented DAIMS 2.2.2.

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

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

USAspending.gov displays the number of unlinked awards submitted for each period for both contracts and financial assistance. In FY 2023, we had 516 unlinked awards and 88 percent of these awards were either zero dollar or micro-purchase. These unlinked awards link internally, but due to reporting requirements, do not link externally on USAspending.gov. In FY 2022, we had 1,114 unlinked awards and 95 percent of these awards were either zero dollar or micro-purchase.

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

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