Financial Impact of the Coronavirus Pandemic

Overview

The coronavirus (COVID-19) pandemic has affected the way we provide service to the public. Our highest priority during this unprecedented time has been to provide mission-critical services while safeguarding the health of the public and our employees. We efficiently transitioned to telework to keep safe our employees and the public we serve. We are conducting most workloads through online and telephone service with limited in-office service for critical situations. We deferred certain workloads and the resulting overpayment debt collections to protect beneficiaries' income and healthcare coverage during a critical time in the COVID-19 pandemic. In addition, we implemented a streamlined waiver process for certain overpayment debts that accrued during a portion of the COVID–19 pandemic period. Please refer to Note 1, Summary of Significant Accounting Policies, and the Debt Collection and Management subsection in the *Other Reporting Requirements* section for information on the financial impact of our deferral of certain workloads and the resulting overpayment debt collections.

Coronavirus Aid, Relief, and Economic Security Act

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to protect the American people from the public health and economic impacts of COVID-19. The CARES Act provided that eligible taxpayers would receive an economic impact payment (EIP) of up to $1,200 for individuals or $2,400 for married couples. Individuals would also receive $500 for each qualifying dependent child. The Internal Revenue Service issued payments to many eligible individuals based on Federal tax return information for either 2019 or 2018. Based upon their income, some of our Old-Age, Survivors, and Disability Insurance (OASDI) beneficiaries and Supplemental Security Income (SSI) recipients are not required to file Federal tax returns. The CARES Act provided us with $38 million, available until September 30, 2021, to assist the Department of the Treasury (Treasury) with carrying out EIPs to all eligible OASDI beneficiaries and SSI recipients, and to coordinate with Treasury on a public awareness campaign regarding the payments. We worked closely with Treasury's Internal Revenue Service and Bureau of Fiscal Service to establish data exchanges and to conduct public outreach to increase public awareness regarding EIPs.

As of September 30, 2020, we have obligated approximately $35 million of the $38 million the CARES Act provided us. Of the amount obligated, we spent approximately $19 million for a national social media and public service announcement campaign to provide information and awareness regarding the EIPs. In addition, during FY 2020, we received calls related to EIPs. We used speech analysis to identify calls to our National 800 Number specifically related to the EIP program and applied an average cost per call to estimate the agency expense. We spent over $2 million on these activities in FY 2020. The following table shows the categories of expenses incurred during FY 2020 for our work with the EIP program.

CARES Act Expenses Related to the EIP Program[1]
(Dollars in Millions)

National Social Media and Public Service Announcements	$14
National 800 Number Calls Related to the EIP Program	$2
Payroll (Non-National 800 Number)	$14
Total	$30

Note:

1. We have an additional $5 million in National Social Media and Public Service Announcements obligations, not yet expensed.

We are on track to obligate the remainder of the $38 million in funding received for these activities by September 30, 2021. Budgetary resources that remain available for FY 2021 amount to $3 million.

In addition, the CARES Act provided us with $300 million, available until September 30, 2021, for our COVID-19 pandemic response efforts. As of September 30, 2020, we obligated approximately $276 million of the $300 million we received for our COVID-19 response efforts. The following table shows the categories of expenses incurred in FY 2020 to respond to COVID-19.

CARES Act Expenses Related to our Response to the COVID-19 Pandemic[1]
(Dollars in Millions)

Payroll	$139
Administrative Leave – Employees	$51
Disability Determination Services Non-Productive Time (Leave)	$59
Information Technology Systems	$6
Supplies	$2
Total	$257

Note:

1. We have an additional $11 million in Information Technology Systems obligations, not yet expensed, and $8 million in Property, Plant, and Equipment, not yet depreciated.

We are on track to obligate the remainder of the $300 million in funding received for these activities by September 30, 2021. Budgetary resources that remain available for FY 2021 amount to $24 million.

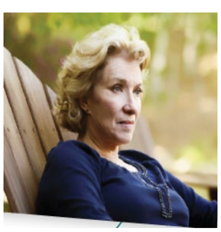
Please refer to Note 18, COVID-19 Activity, for additional information.

Section 4003 of the CARES Act, Emergency Relief and Taxpayer Protection, allows Treasury to make loans, loan guarantees, and other investments of up to $500 billion to eligible businesses, States, and municipalities impacted by the COVID-19 pandemic. This legislation designates the Old-Age and Survivors Insurance (OASI) Trust Fund as the recipient of any interest and other proceeds associated with the loans, loan guarantees, and other investments after repayments of any amounts provided are made to Treasury. While the legislation designates the OASI Trust Fund as a recipient of these proceeds, their value is not known as of September 30, 2020. However, given the restrictions around interest rates and provisions around interest due on certain loans or investments, we do not believe that the proceeds will be material to our financial statements.

Presidential Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster

On August 8, 2020, the President issued a *Presidential Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster*. The memorandum directed Treasury to use authority pursuant to 26 U.S.C. 7508A to defer the withholding, deposit, and payment of certain payroll tax obligations during the period of September 1, 2020, through December 31, 2020. Please refer to Note 1, Summary of Significant Accounting Policies, for additional information on the financial impact of the memorandum on the agency.

Did You Know? We're Here to Provide Assistance after the Loss of a Loved One



The loss of a loved one can be both emotionally and financially difficult. Eligible widows, widowers, and children may receive survivors benefits. The number of credits needed to provide benefits for survivors depends on the worker's age when he or she dies. Unmarried children who are under age 18 (up to age 19 if attending elementary or secondary school full time) or who are disabled before age 22 may be eligible to receive Social Security benefits when a parent dies. Learn more about Social Security survivors benefits on our website (www.ssa.gov/planners/survivors/ifyou.html).