FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Our agency's financial statements and additional information for fiscal years (FY) 2020 and 2019 consist of the following:

- The **Consolidated Balance Sheets** present, as of September 30, 2020 and 2019, amounts of economic benefits we owned or managed (assets), amounts we owed (liabilities), and residual amounts we retained, comprising the difference (net position). We provide a Balance Sheet by major program as additional information.
- The **Consolidated Statements of Net Cost** present the net cost of operations for the years ended September 30, 2020 and 2019. Our net cost of operations includes the gross costs incurred less any exchange revenue earned from activities presented by our major programs. By disclosing the gross cost and net cost of the entity's programs, the Consolidated Statements of Net Cost provide information that can be related to the outputs and outcomes of programs and activities. We provide a Schedule of Net Cost to show the components of net cost activity as additional information.
- The **Consolidated Statements of Changes in Net Position** present the change in net position for the years ended September 30, 2020 and 2019. Changes to the two components of net position, Unexpended Appropriations and Cumulative Results of Operations, affect its balance. The Statement format is designed to display both components of net position separately to enable the user to better understand the nature of changes to net position as a whole. We provide a Schedule of Changes in Net Position to present the change in net position by major program as additional information.
- The **Combined Statements of Budgetary Resources** present the budgetary resources available to us, the status of these resources, and the outlay of budgetary resources for the years ended September 30, 2020 and 2019. We provide an additional Schedule of Budgetary Resources as Required Supplementary Information to present budgetary resources by major program.
- The **Statements of Social Insurance** present the present value for the 75-year projection period of the estimated Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) future noninterest income and cost expected to arise from the formulas specified in current law for current and future program participants. We present the difference between these values on both an open group and a closed group basis, both including and excluding the value of the combined OASI and DI Trust Fund reserves at the beginning of the period. This information is presented for the current year and for each of the four preceding years.
- The **Statements of Changes in Social Insurance Amounts** reconcile the changes, from one 75-year valuation period to the next, in the present value of estimated future noninterest income less estimated future cost for current and future participants (the open group measure). The Statements show two reconciliations: (1) change from the period beginning on January 1, 2019 to the period beginning on January 1, 2020; and (2) change from the period beginning on January 1, 2018 to the period beginning on January 1, 2019. The Statements identify several categories of changes and provide reasons for significant changes in the accompanying notes.
- The **Required Supplementary Information: Social Insurance** presents required long-range cash flow projections, the long-range projections of the ratio of contributors to beneficiaries, and the sensitivity analysis illustrating the effect of the changes in the most significant assumptions on the actuarial projections and present values. The financial and actuarial disclosures include a narrative describing the program, including how the program is financed and how benefits are calculated, as well as an interpretive analysis of trends revealed by the data.

Consolidated Balance Sheets as of September 30, 2020 and 2019

(Dollars in Millions)

Assets		2020		2019
Intragovernmental:				
Fund Balance with Treasury (Notes 3 and 4)	**$**	**7,992**	$	7,408
Investments (Note 5)		**2,908,423**		2,900,916
Interest Receivable (Note 5)		**18,409**		19,796
Accounts Receivable, Net (Note 6)		**898**		790
Other (Note 8)		**75**		56
Total Intragovernmental		**2,935,797**		2,928,966
Accounts Receivable, Net (Notes 3 and 6)		**9,500**		13,447
Property, Plant, and Equipment, Net (Note 7)		**3,765**		3,438
Total Assets	**$**	**2,949,062**	$	2,945,851
Liabilities (Note 9)				
Intragovernmental:				
Accrued Railroad Retirement Interchange	**$**	**5,396**	$	5,052
Accounts Payable		**4,261**		6,085
Other		**160**		122
Total Intragovernmental		**9,817**		11,259
Benefits Due and Payable		**108,106**		106,046
Accounts Payable		**331**		430
Federal Employee and Veteran Benefits		**281**		300
Other		**954**		822
Total Liabilities		**119,489**		118,857
Contingencies (Note 9)				
Net Position				
Unexpended Appropriations - All Other Funds		**5,048**		4,416
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)		**2,819,572**		2,818,817
Cumulative Results of Operations - All Other Funds		**4,953**		3,761
Total Net Position - Funds from Dedicated Collections (Note 10)		**2,819,572**		2,818,817
Total Net Position - All Other Funds		**10,001**		8,177
Total Net Position		**2,829,573**		2,826,994
Total Liabilities and Net Position	**$**	**2,949,062**	$	2,945,851

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

Consolidated Statements of Net Cost for the Years Ended September 30, 2020 and 2019
(Dollars in Millions)

	2020	2019
OASI Program		
Benefit Payment Expense	$ 944,494	$ 892,619
Operating Expenses (Note 11)	3,732	3,967
Total Cost of OASI Program	948,226	896,586
Less: Exchange Revenues (Note 12)	(13)	(13)
Net Cost of OASI Program	948,213	896,573
DI Program		
Benefit Payment Expense	144,506	142,482
Operating Expenses (Note 11)	2,834	3,065
Total Cost of DI Program	147,340	145,547
Less: Exchange Revenues (Note 12)	(32)	(35)
Net Cost of DI Program	147,308	145,512
SSI Program		
Benefit Payment Expense	54,837	51,990
Operating Expenses (Note 11)	4,745	4,908
Total Cost of SSI Program	59,582	56,898
Less: Exchange Revenues (Note 12)	(241)	(242)
Net Cost of SSI Program	59,341	56,656
Other		
Benefit Payment Expense	1	1
Operating Expenses (Note 11)	2,884	2,578
Total Cost of Other Program	2,885	2,579
Less: Exchange Revenues (Note 12)	(9)	(9)
Net Cost of Other Program	2,876	2,570
Total Net Cost		
Benefit Payment Expense	1,143,838	1,087,092
Operating Expenses (Note 11)	14,195	14,518
Total Cost	1,158,033	1,101,610
Less: Exchange Revenues (Note 12)	(295)	(299)
Total Net Cost	$ 1,157,738	$ 1,101,311

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

Consolidated Statements of Changes in Net Position for the Years Ended September 30, 2020 and 2019

(Dollars in Millions)

	2020			2019		
	Funds from Dedicated Collections	**All Other Funds**	**Total**	Funds from Dedicated Collections	All Other Funds	Total
Unexpended Appropriations:						
Beginning Balances	**$ 0**	**$ 4,416**	**$ 4,416**	$ 0	$ 3,576	$ 3,576
Budgetary Financing Sources						
Appropriations Received	**39,581**	**61,809**	**101,390**	36,104	60,934	97,038
Other Adjustments	**0**	**(16)**	**(16)**	0	(14)	(14)
Appropriations Used	**(39,581)**	**(61,161)**	**(100,742)**	(36,104)	(60,080)	(96,184)
Total Budgetary Financing Sources	**0**	**632**	**632**	0	840	840
Total Unexpended Appropriations	**0**	**5,048**	**5,048**	0	4,416	4,416
Cumulative Results of Operations:						
Beginning Balances	**$ 2,818,817**	**$ 3,761**	**$ 2,822,578**	$ 2,815,603	$ 3,089	$ 2,818,692
Budgetary Financing Sources						
Appropriations Used	**39,581**	**61,161**	**100,742**	36,104	60,080	96,184
Tax Revenues (Note 13)	**984,562**	**0**	**984,562**	932,424	0	932,424
Interest Revenues	**77,413**	**0**	**77,413**	81,705	0	81,705
Transfers-In/Out - Without Reimbursement	**(5,914)**	**8,495**	**2,581**	(6,114)	8,639	2,525
Railroad Retirement Interchange	**(5,332)**	**0**	**(5,332)**	(5,245)	0	(5,245)
Other Budgetary Financing Sources	**101**	**0**	**101**	101	0	101
Other Financing Sources (Non-Exchange)						
Imputed Financing Sources (Note 14)	**0**	**558**	**558**	0	646	646
Other	**0**	**(940)**	**(940)**	0	(3,143)	(3,143)
Total Financing Sources	**1,090,411**	**69,274**	**1,159,685**	1,038,975	66,222	1,105,197
Net Cost of Operations	**1,089,656**	**68,082**	**1,157,738**	1,035,761	65,550	1,101,311
Net Change	**755**	**1,192**	**1,947**	3,214	672	3,886
Cumulative Results of Operations	**$ 2,819,572**	**$ 4,953**	**$ 2,824,525**	$ 2,818,817	$ 3,761	$ 2,822,578
Net Position	**$ 2,819,572**	**$ 10,001**	**$ 2,829,573**	$ 2,818,817	$ 8,177	$ 2,826,994

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

Combined Statements of Budgetary Resources for the Years Ended September 30, 2020 and 2019

(Dollars in Millions)

	2020	2019
Budgetary Resources (Note 15)		
Unobligated Balance From Prior Year Budget Authority, Net	**$ 5,706**	$ 5,129
Appropriations (Discretionary and Mandatory)	**1,200,535**	1,144,317
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	**15,852**	15,541
Total Budgetary Resources	**$ 1,222,093**	$ 1,164,987
Status of Budgetary Resources		
New obligations and upward adjustments		
Direct	**$ 1,213,435**	$ 1,156,838
Reimbursable	**2,591**	2,631
New obligations and upward adjustments (total)	**1,216,026**	1,159,469
Unobligated Balance, End of Year		
Apportioned, unexpired accounts	**5,692**	5,144
Unapportioned, unexpired accounts	**23**	48
Unexpired unobligated balance, end of year	**5,715**	5,192
Expired unobligated balance, end of year	**352**	326
Unobligated balance, end of year (total)	**6,067**	5,518
Total Budgetary Resources	**$ 1,222,093**	$ 1,164,987
Outlays, Net		
Outlays, Net (Discretionary and Mandatory)	**$ 1,196,504**	$ 1,141,166
Distributed Offsetting Receipts	**(42,589)**	(39,333)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 1,153,915**	$ 1,101,833

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

Statements of Social Insurance
Old-Age, Survivors, and Disability Insurance
as of January 1, 2020
(Dollars in Billions)

		Estimates Reported in Prior Years			
	2020	**2019**	**2018**	**2017**	**2016**
Present value for the 75-year projection period from or on behalf of: (Note 17)					
Participants who, in the starting year of the projection period, have attained eligibility age (age 62 and over):					
Noninterest income	**$ 1,720**	$ 1,552	$ 1,451	$ 1,374	$ 1,272
Cost for scheduled future benefits	**18,269**	16,895	15,862	14,668	13,602
Future noninterest income less future cost	**(16,549)**	(15,344)	(14,411)	(13,294)	(12,330)
Participants who have not yet attained retirement eligibility age (ages 15–61):					
Noninterest income	**35,215**	33,602	31,849	30,305	29,273
Cost for scheduled future benefits	**59,784**	55,826	52,248	50,181	48,412
Future noninterest income less future cost	**(24,569)**	(22,224)	(20,399)	(19,876)	(19,138)
Present value of future noninterest income less future cost for current participants (closed group measure)	**(41,118)**	(37,568)	(34,810)	(33,170)	(31,468)
Combined OASI and DI Trust Fund reserves at start of period	**2,897**	2,895	2,892	2,848	2,813
Closed group - Present value of future noninterest income less future cost for current participants *plus* combined OASI and DI Trust Fund reserves at start of period	**$ (38,220)**	$ (34,673)	$ (31,918)	$ (30,322)	$ (28,656)
Present value for the 75-year projection period from or on behalf of: (Note 17)					
Future participants (those under age 15, and to be born during period):					
Noninterest income	**$ 36,964**	$ 35,311	$ 31,788	$ 30,452	$ 29,687
Cost for scheduled future benefits	**15,542**	14,508	13,035	12,639	12,388
Future noninterest income less future cost	**21,421**	20,804	18,753	17,813	17,299
Present value of future noninterest income less future cost for current and future participants (open group` measure)	**(19,696)**	(16,764)	(16,057)	(15,357)	(14,169)
Combined OASI and DI Trust Fund reserves at start of period	**2,897**	2,895	2,892	2,848	2,813
Open group - Present value of future noninterest income less future cost for current and future participants *plus* combined OASI and DI Trust Fund reserves at start of period	**$ (16,799)**	$ (13,869)	$ (13,166)	$ (12,509)	$ (11,357)

Notes:

Totals do not necessarily equal the sum of rounded components. The accompanying notes are an integral part of these financial statements.

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

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

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

January 1, 2019 to January 1, 2020
(Dollars in Billions)

	Present value of future noninterest income less future cost for current and future participants (open group measure) over the next 75 years	Combined OASI and DI Trust Fund reserves	Present value of future noninterest income less future cost for current and future participants *plus* combined OASI and DI Trust Fund reserves at start of period
As of January 1, 2019	$ (16,764)	$ 2,895	$ (13,869)
Reasons for changes between January 1, 2019 and January 1, 2020 (Note 17)			
Change in the valuation period	(616)	1	(615)
Changes in demographic data, assumptions, and methods	(444)	0	(444)
Changes in economic data, assumptions, and methods	(1,825)	0	(1,825)
Changes in programmatic data and methods	273	2	274
Changes in law or policy	(321)	0	(321)
Net change between January 1, 2019 and January 1, 2020	$ (2,932)	$ 2	$ (2,930)
As of January 1, 2020	**$ (19,696)**	**$ 2,897**	**$ (16,799)**

January 1, 2018 to January 1, 2019
(Dollars in Billions)

	Present value of future noninterest income less future cost for current and future participants (open group measure) over the next 75 years	Combined OASI and DI Trust Fund reserves	Present value of future noninterest income less future cost for current and future participants *plus* combined OASI and DI Trust Fund reserves at start of period
As of January 1, 2018	$ (16,057)	$ 2,892	$ (13,166)
Reasons for changes between January 1, 2018 and January 1, 2019 (Note 17)			
Change in the valuation period	(576)	(2)	(577)
Changes in demographic data, assumptions, and methods	392	0	392
Changes in economic data, assumptions, and methods	(1,027)	0	(1,027)
Changes in programmatic data and methods	484	5	489
Changes in law or policy	20	0	20
Net change between January 1, 2018 and January 1, 2019	$ (707)	$ 3	$ (703)
As of January 1, 2019	**$ (16,764)**	**$ 2,895**	**$ (13,869)**

Notes:

Totals do not necessarily equal the sum of rounded components. The accompanying notes are an integral part of these financial statements.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

LAE is a mechanism to fund our administrative operations and is considered a subset of the OASI and DI Trust Funds. The four general funds are the Payments to Social Security Trust Funds (PTF), SSI Program, Office of the Inspector General (OIG), and Special Veterans Benefits (Title VIII) Program. The three receipt accounts are SSI Overpayment Collections, the General Fund's portion of the SSI State Supplementation fees, and SSI Attorney fees. The one special fund is SSA's portion of the SSI State Supplementation fees. SSA's financial statements also include OASI and DI investment activities performed by Treasury. In addition, SSA's financial statements include activity related to Public Law 116-136, *Coronavirus Aid, Relief, and Economic Security Act of 2020* (CARES Act).

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

ACCOUNTING PRINCIPLES

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

Fund Balance with Treasury

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

Investments

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

Accounts Receivable, Net

SSA accounts receivable represent unpaid amounts due to the agency. Intragovernmental Accounts Receivable, Net primarily represent amounts to be paid from the Hospital Insurance (HI) and Supplemental Medical Insurance (SMI) Trust Funds to the LAE Appropriation. Accounts Receivable, Net consist mainly of monies due to SSA from OASI, DI, and SSI beneficiaries who received benefits in excess of their entitlement, as well as amounts due from the States to cover underpayments due to the SSI recipients.

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

During FY 2020, SSA re-evaluated its program debt portfolio, specifically delinquent and uncollectible debt that we were pursuing. As part of our debt recovery process, SSA has historically required applying a multi-step due diligence process before terminating agency collection action on a debt (i.e., write-off), which included various communications to the debtors. In evaluating this process, we found that we were pursuing largely uncollectible debt, thereby inefficiently using our Processing Centers' limited resources. Rather than continue pursing these debts, we identified specific types of delinquent debt we believe are uncollectible. In FY 2020, we targeted a portion of our OASDI debt that was determined to be uncollectible, and wrote-off $1,899 million of accounts receivable. SSA is continuing to evaluate our delinquent debt and will continue this write-off process into FY 2021 for our SSI program debt, as well as additional OASDI debt.

While this debt is being written-off, it is available for future collection. SSA can pursue collection efforts if the debtor becomes entitled to OASDI or SSI benefits. At that point, we would re-establish the accounts receivable, and pursue collections. In addition, if eligible, we will refer these delinquent debts to the Treasury Offset Program for external collection action.

During FY 2020, in addition to this write-off process, SSA evaluated our Allowance for Doubtful Accounts methodology. In FY 2019, our methodology was to annually recalculate a ratio of allowance for doubtful accounts on programmatic accounts receivable with the public. We applied a moving five-year average of uncollectible receivable ratios, by comparing each program's collections to new debt while considering turnover rates, against outstanding receivables, to compute the amount of allowance for doubtful accounts. Our new methodology will maintain our previous process for a portion of our debt. In updating our methodology, we will now be allowing for all delinquent debt two years and older, and then applying the allowance ratios against any remaining debt that is not delinquent two years or more. We made this change after evaluating our debt and determining that delinquent debt two years or older was uncollectible as part of our write-off process this year. In addition, we can easily identify the delinquent debt two years and older in our debt portfolio and reporting.

In FY 2020 and moving forward, SSA will apply our allowance rates against gross accounts receivable minus the age-specific allowance of delinquent debt two years and older. Our total Allowance for Doubtful Accounts will include the age-specific delinquent debt two years and older, and the uncollectible portion of our remaining accounts receivable, not delinquent two years or more, based on the allowance rates.

As a result of the allowance methodology change in FY 2020 as of September 30, 2020, our Accounts Receivable, Net on the Consolidated Balance Sheets decreased $2,637, our Benefit Payment Expense on the Consolidated Statements of Net Cost increased by $2,517, due to an increase in bad debt expense, and our Accounts Payable decreased $120 million. The write-offs processed in FY 2020 do not directly change our Accounts Receivable, Net or Benefit Payment Expense, but do affect underlying changes to our Allowance for Doubtful Accounts balance and related bad debt expense, since the write-offs reduce gross receivables, which serve as a basis for the calculation.

During the COVID-19 pandemic, SSA made more of our work available electronically. We continued to focus on high priority workloads such as claims for benefits and post-entitlement actions that ensure income and health care security. We deferred certain overpayment debt activities to protect beneficiaries' income during a critical time in the COVID-19 pandemic. We continued to issue new overpayments and make collections in situations where automated processes allowed us to do so; however, there was a $1,567 million reduction in new debt in FY 2020 compared to FY 2019, as of September 30, 2020. This reduction in new debt resulted in decreased Accounts Receivable, Net on our Consolidated Balance Sheets, and increased Net Costs on our Consolidated Statements of Net Cost. Beginning August 31, 2020, we resumed processing workloads that could result in overpayments. We experienced an increase in new debt in September 2020 compared to earlier months during the pandemic period. We expect new debt to increase during FY 2021 as we continue to process previously suspended overpayment actions.

On May 24, 2018, Congress enacted the *Economic Growth, Regulatory Relief, and Consumer Protection Act*, (Banking Bill). Section 215 of the Banking Bill entitled, "Reducing Identity Fraud," was passed to reduce synthetic identity fraud. Section 215 of the Banking Bill requires SSA to provide a "permitted entity" a confirmation (or non-confirmation) of fraud protection data (i.e., SSN verification) based on the number holder's written consent, including by electronic signature.

To meet the requirements of section 215 of the Banking Bill, SSA must either modify an existing system or develop a new system to perform SSN verifications for "permitted entities." The Banking Bill requires users of this system to reimburse SSA for the full cost of this work.

To comply with the Banking Bill, SSA has incurred non-mission costs in our LAE account for planning, analysis, development, and roll-out of the pilot program associated with the verification system. The Banking Bill requires SSA to fully recover all costs from the users of the verification process by way of advances, reimbursements, user fees, or other recoveries as determined by the Commissioner. SSA recorded non-budgetary accounts receivables for the amount of costs incurred through September 30, 2020 to be reimbursed in the future. Refer to Note 6, Accounts Receivable, Net.

Property, Plant, and Equipment

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

Benefits Due and Payable

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

Benefit Payments

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

Administrative Expenses and Obligations

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

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

Recognition of Financing Sources

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

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

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

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

Funds from Dedicated Collections

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

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

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

Deferral of Employee Payroll Taxes

On August 8, 2020, the President issued the *Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster.* This Memorandum deferred certain payroll taxes owed by employees whose pre-tax bi-weekly payroll payments were less than $4,000 starting on September 1, 2020 through December 31, 2020. Employees will pay the deferred taxes starting January 1, 2021 through April 30, 2021. However, based on *IRS Notice 2020-65, Relief with Respect to Employment Tax Deadlines Applicable to Employers Affected by the Ongoing Coronavirus (COVID-19) Disease 2019 Pandemic*, the employer, in this case SSA, is responsible for paying the deferred taxes if the employee is unable.

With regards to SSA's payroll tax accounting, we have recorded the proper expense and budgetary spending for the work performed by SSA employees subject to the President's Memorandum. Instead of issuing the payroll tax payments and accruals to Treasury, we issued them to the employee. While the payroll tax is deferred, Treasury will be due the payroll taxes in 2021, with either the employee or SSA making the payment. Since Treasury did not receive all payroll taxes due FY 2020, we recorded an unfunded Federal liability to Treasury for the future payroll taxes owed. In addition, since SSA employees were informed that they will be responsible for repayment of the deferred taxes, we have recorded a non-budgetary, non-federal receivable for the amount that the employees will be responsible for paying January 1, 2021 through April 30, 2021.

We are using an unfunded liability because budgetary resources are not currently required to cover these payroll taxes owed to Treasury. This is because the employee's payment next year should cover the outstanding payroll tax. As of September 30, 2020, we used the correct amount of budgetary resources associated with the overall payroll costs, do not need additional resources at this time. The overall impact of this activity on our financial statements will be an increase in accounts receivables and an increase in accounts payables for approximately $17 million as of September 30, 2020. This activity will not impact our Consolidated Statements of Net Cost as the unfunded liability will increase Net Costs, while the non-federal, non-budgetary receivable will decrease expenses. This accounting treatment is appropriate because the proper amount of payroll expenses has been recorded, with the deferred payroll tax being paid to the employees instead of Treasury. Please refer to Note 6, Accounts Receivable, Net and Note 9, Liabilities.

Use of Estimates

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

Application of Critical Accounting Estimates

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

Coronavirus Aid, Relief, and Economic Security Act of 2020

The CARES Act provided SSA with appropriated funds to cover costs related to the COVID-19 pandemic. This funding included $300 million of additional LAE authority to prevent, prepare for, and respond to the coronavirus pandemic, including to support payroll and benefit costs of all employees affected as a result of office closures, costs related to telework, phone and communication services for employees, overtime, supplies, and resources necessary for processing disability and retirement workloads and backlogs. SSA also received $38 million of additional LAE authority to cover administrative expenses related to working with the Secretary of Treasury and raising public awareness regarding economic impact payments made to qualified individuals. Since Treasury's General Fund provided the amounts received and they have no association with SSA's OASI and DI Trust Funds, they have been classified as operating expenses under the Other program on the financial statements. Refer to Note 11, Operating Expenses and Note 18, COVID-19 Activity, for additional information.

Reclassifications

FY 2019 Operating Expense by Strategic Goal amounts reported in Chart 11c of Note 11, Operating Expenses have been reclassified to conform to the FY 2020 presentation.

CARES Act Loan Proceeds

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 coronavirus. This legislation designates the OASI Trust Fund as the recipient of any interest and other proceeds associated with the loans, loan guarantees, and other investments after repayments of any amounts provided are made to Treasury. 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.

2. Centralized Federal Financing Activities

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

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

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

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

SSA contributed $18 and $21 million for the years ended September 30, 2020 and 2019 to CSRS. SSA contributed $760 and $608 million for the years ended September 30, 2020 and 2019 to the basic FERS plan. One of the primary differences between FERS and CSRS is that FERS offers a savings plan to which SSA is required to contribute one percent of pay and match employee contributions up to an additional four percent of basic pay. SSA contributed $211 and $192 million for the years ended September 30, 2020 and 2019 to the FERS savings plan. All contributions include amounts paid and due and payable as of the end of the reporting period. These Statements do not reflect CSRS or FERS assets or accumulated plan benefits applicable to SSA employees since this data is only reported in total by OPM.

3. NON-ENTITY ASSETS

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

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

	2020			2019		
	Non-Entity Assets	Intra-agency Elimination	Net Assets	Non-Entity Assets	Intra-agency Elimination	Net Assets
Intragovernmental:						
Title VIII State Supp Fees	$ 2	$ 0	$ 2	$ 3	$ 0	$ 3
SSI Fed/State Accounts Receivable, Net	4,439	(415)	4,024	6,369	(488)	5,881
Total	$ 4,441	$ (415)	$ 4,026	$ 6,372	$ (488)	$ 5,884

SSA has reduced the SSI Accounts Receivable, Net, by intra-agency eliminations (see discussion in Note 6, Accounts Receivable, Net). SSI accounts receivable is recognized as a non-entity asset. Public Law 101-517, *Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1991*, requires that collections from repayment of SSI Federal benefit overpayments be deposited in Treasury's General Fund. These funds, upon deposit, are assets of Treasury's General Fund, and will not be used by SSA as an SSI budgetary resource to pay SSI benefits or administrative costs. Prior to their collection, these SSI Federal benefit overpayments are recorded as SSI Accounts Receivable from the beneficiaries. SSA recognizes this receivable due from the beneficiary as a non-entity asset since the amount owed is due to Treasury's General Fund. As of September 30, 2020, SSI Accounts Receivable have decreased as a result of our Allowance for Doubtful Accounts methodology change and our deferral of certain overpayment debt activities due to the COVID-19 pandemic. Refer to Note 6, Accounts Receivable, Net. When a beneficiary does not receive a full SSI State Supplemental benefit, SSA establishes an underpayment receivable. This receivable reflects the reimbursement due to SSA from the States to cover the unpaid benefit. SSA recognizes this receivable due from the States as a non-entity asset since the amount owed is due to the beneficiary.

SSA collects fees for administering Title VIII Supplementation benefit payments on behalf of the State of California. These funds, upon deposit, are assets of Treasury's General Fund and are a non-entity asset. Amounts collected during the fiscal year are classified as exchange revenue, and are included in the Fund Balance with Treasury as of September 30, 2020 and 2019.

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

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

	2020	2019
Non-Entity Assets	$ 4,026	$ 5,884
Entity Assets	2,945,036	2,939,967
Total Assets	$ 2,949,062	$ 2,945,851

4. FUND BALANCE WITH TREASURY

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

Chart 4 - Status of Fund Balances as of September 30:
(Dollars in Millions)

	2020	2019
Unobligated Balance		
Available	$ 5,065	$ 4,375
Unavailable	42	78
Obligated Balance Not Yet Disbursed	3,041	3,052
OASI, DI, and LAE	(195)	(142)
Non-Budgetary Fund Balance with Treasury	39	45
Total Status of Fund Balances	$ 7,992	$ 7,408

The Unobligated Balance, Available in Chart 4 contains Category C funding which is an amount apportioned by OMB, for multi-year or no-year accounts, that is available for use in a future fiscal year. SSA Category C funding is

$265 and $312 million as of September 30, 2020 and 2019. These funds are primarily related to the SSI State Supplemental advances for the October 1st benefit payments and SSI Beneficiary Services activity.

The negative fund balance reported in Chart 4 for the total OASI, DI, and LAE Trust Funds as of September 30, 2020 and 2019 is the result of the policy to protect the OASI and DI Trust Fund investments by not liquidating the investments until the cash is needed. Transfers between the OASI and DI Trust Funds and Treasury are managed to favor the financial position of the OASI and DI Trust Funds. Therefore, investments held by the OASI and DI Trust Funds are liquidated only as needed by Treasury to cover benefit and administrative payments. To maintain consistency with the amounts reported by Treasury for OASI and DI, SSA does not reclassify the negative balance as a liability on the Consolidated Balance Sheets.

5. Investments and Interest Receivable

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

SSA displays investments in Special-Issue U.S. Treasury Securities, as reported on the Consolidated Balance Sheets, in Chart 5a.

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

	2020	2019
OASI	$ 2,811,213	$ 2,804,396
DI	97,210	96,520
Total Investments	$ 2,908,423	$ 2,900,916

The interest rates on these investments range from 0.750 to 5.125 percent. The accrued interest is paid on June 30, December 31, and at maturity or redemption. Investments held for the OASI and DI Trust Funds mature at various dates ranging from the year 2021 to the year 2035. Accrued interest receivable on the OASI and DI Trust Fund investments with the Treasury is an Intragovernmental Interest Receivable, reported on the Consolidated Balance Sheets. Interest Receivable, as reported on the Consolidated Balance Sheets is shown by program in Chart 5b.

Chart 5b - Interest Receivable as of September 30:
(Dollars in Millions)

	2020	2019
OASI	$ 17,744	$ 19,094
DI	665	702
Total Interest Receivable	$ 18,409	$ 19,796

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

The Treasury does not set aside financial assets to cover its liabilities associated with the OASI and DI Trust Funds. Treasury uses the cash received from the OASI and DI Trust Funds for investment in these securities for general

Government purposes. Treasury special securities provide the OASI and DI Trust Funds with authority to draw upon the Treasury to make future benefit payments or other expenditures. When the OASI and DI Trust Funds require redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

6. Accounts Receivable, Net

Intragovernmental

Intragovernmental Accounts Receivable, Net, reported on the Consolidated Balance Sheets in the amounts of $898 and $790 million as of September 30, 2020 and 2019 primarily represent amounts to be paid from the HI/SMI Trust Funds to the LAE Appropriation. SSA reduced the gross accounts receivable by $3,534 and $3,066 million as of September 30, 2020 and 2019 as an intra-agency elimination. This elimination is primarily to offset SSA's LAE receivable to be paid from the appropriate funds with corresponding payables set up for anticipated LAE disbursements.

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

With the Public

Accounts Receivable, Net, reported on the Consolidated Balance Sheets is shown by SSA major program in Chart 6a. Amounts in the OASI and DI programs consist mainly of monies due to SSA from individuals who received benefits in excess of their entitlement. The amount of SSI Accounts Receivable represents Federal and State activity. The SSI Federal and State portions consist of overpayments due from SSI recipients who are no longer eligible to receive benefit payments or received benefits in excess of their eligibility. Additionally, the SSI State portion consists of amounts due from the States to cover underpayments due to the SSI recipients. Refer to Note 3, Non-Entity Assets, for a discussion of the SSI Federal and State overpayments and underpayments. To comply with the Banking Bill, SSA used its LAE account to cover non-mission costs with the expectation that these costs will be fully recovered from the users of the verification process as required by law. To account for these costs through September 30, 2020 SSA has recorded a non-budgetary accounts receivable of $30 million, which is included in the LAE Gross and Net Receivable amounts in Chart 6a. Since the agency expects to fully recover these costs, SSA has not applied an allowance for doubtful accounts against this accounts receivable. As of September 30, 2020, SSA has collected $10 million associated with these costs, which are currently held in a deposit account. SSA plans to use the $10 million in collections to reduce a portion of the receivable balance in FY 2021. Our LAE receivable also contains $17 million as of September 30, 2020 that will be due from employees for deferred payroll taxes based on the President's August 8, 2020 *Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster.*

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

	2020			2019		
	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
OASI	$ 3,100	$ (962)	$ 2,138	$ 3,175	$ (648)	$ 2,527
DI	6,395	(3,076)	3,319	8,272	(3,158)	5,114
SSI*	14,853	(10,414)	4,439	14,376	(8,007)	6,369
LAE	50	0	50	11	0	11
Subtotal	24,398	(14,452)	9,946	25,834	(11,813)	14,021
Less: Eliminations**	(446)	0	(446)	(574)	0	(574)
Total	$ 23,952	$ (14,452)	$ 9,500	$ 25,260	$ (11,813)	$ 13,447

Notes:

*See discussion in Note 3, Non-Entity Assets

**Intra-Agency Eliminations

Chart 6a shows that in FY 2020 and FY 2019, SSA reduced gross accounts receivable by $446 and $574 million as an intra-agency elimination. This intra-agency activity results primarily from the Windfall Offset and KZ Diary activity. Windfall Offset is the amount of SSI that would not have been paid if retroactive OASI and DI benefits had been paid timely to eligible beneficiaries. The KZ Diary process identifies SSI recipients eligible for prior entitlement of OASI and DI benefits, and determines SSA's liability for retroactive benefits owed to beneficiaries. For each activity, SSA recognizes a receivable in the SSI program with offsetting payables for both the OASI and DI programs.

SSA has identified delinquent debt two years and older as uncollectible given the age of the debt; therefore, in accordance with our change in Allowance for Doubtful Accounts methodology in FY 2020, we allow for all delinquent debt two years and older. For our remaining debt, SSA annually recalculates a ratio of allowance for doubtful accounts on programmatic accounts receivable with the public. We apply a moving five-year average of uncollectible receivable ratios, based on comparing each program's collections to new debt while considering turnover rates, against outstanding receivables that are not delinquent two years and older. We add this calculated uncollectible ratio-based value to the allowed delinquent debt two years and older value to compute the total amount of allowance for doubtful accounts.

There are a variety of factors contributing to the decrease in the Gross Receivable values from FY 2019 to FY 2020. Our Gross Receivables have decreased due to our deferral of certain overpayment debt activities during a critical time in the COVID-19 pandemic, as new debt issued decreased $1,567 million from FY 2019 to FY 2020. Lastly, $1,899 million was written-off in OASI and DI debt as part of our debt write-off initiative in FY 2020. The write-off activity also reduces our Allowance for Doubtful Accounts balance for a net zero effect on our Net Accounts Receivable.

The deferral of certain overpayment debt activities is contributing to the overall decrease of our Net Receivable amounts from FY 2019 to FY 2020. In addition, the change in our Allowance for Doubtful Accounts methodology, which now allows for delinquent debt two years and older at 100 percent and all other debt based on the uncollectible ratios we calculate, has increased our Allowance for Doubtful Accounts and decreased our Net Receivable by approximately $2,637 million as of September 30, 2020.

Criminal Debt

Included in SSA's Gross Receivable amounts, in Chart 6a, are debts that relate to criminal restitutions where SSA is identified as the payee, which are handled by the Department of Justice (DOJ). While SSA captures this activity in our overall accounts receivable balance, due to system limitations, we cannot specifically track criminal restitution accounts receivable in our system for reporting purposes. However, for OASI and DI, we track gross fraudulent benefit payment accounts receivable. There is a relationship between fraud and criminal restitution activity, as court ordered (criminal) restitutions are issued when a fraud case is successfully prosecuted in criminal court. While we can track fraud related accounts receivable for OASI and DI, system limitations prevent us from tracking the same type of activity for SSI accounts receivable. We estimate our SSI gross criminal restitution accounts receivable by calculating the percentage of OASDI fraudulent accounts receivable compared to the total OASDI accounts receivable in our Title II debt system, and then applying that percentage to the total SSI accounts receivable in our Title XVI debt system. We apply our calculated uncollectible ratios by program to the criminal restitution debt to calculate the allowance for doubtful accounts. Chart 6b provides our Gross Receivable, Allowance for Doubtful Accounts, and Net Receivable amounts for our criminal restitution activity.

Chart 6b - Criminal Restitution with the Public by Major Program as of September 30:
(Dollars in Millions)

	2020			2019		
	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
OASI	$ 164	$ (42)	$ 122	$ 150	$ (32)	$ 118
DI	204	(85)	119	200	(77)	123
SSI	575	(342)	233	435	(256)	179
Total	$ 943	$ (469)	$ 474	$ 785	$ (365)	$ 420

2049 System Limitation

A Title II system design limitation prevents us from capturing and tracking long-term withholding agreements for debt scheduled for collection beyond the year 2049.

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

We do not include these balances in the Chart 6a gross receivable amounts. We estimate that the total gross value of the post year 2049 amount not captured in our gross receivables, is approximately $718 and $720 million as of September 30, 2020 and 2019. These amounts are not material to the consolidated financial statements.

7. Property, Plant, and Equipment, Net

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

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

	2020			2019		
Major Classes:	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Buildings and Other Structures	$ 48	$ (21)	$ 27	$ 47	$ (20)	$ 27
Equipment (incl. ADP Hardware)	1,293	(993)	300	939	(727)	212
Internal Use Software	8,029	(5,463)	2,566	7,439	(5,050)	2,389
Leasehold Improvements	1,426	(711)	715	1,270	(643)	627
Deferred Charges*	1,076	(919)	157	1,238	(1,055)	183
Total	$ 11,872	$ (8,107)	$ 3,765	$ 10,933	$ (7,495)	$ 3,438

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

Note:

*Deferred Charges include fixtures (no threshold) and Telephone Services Replacement Project ($100 thousand).

SSA changed the methodology for capitalizing bulk computer purchase assets during FY 2020, applying the capitalization threshold at the contract line level instead of using unit cost information. As a result of this change, this activity is now recorded as Equipment in Chart 7a. Deferred Charges Cost ($194 million), Accumulated Depreciation ($162 million), and Net Book Value ($32 million) related to this activity as of September 30, 2019 have been reclassified to Equipment during FY 2020.

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

	2020
Balance beginning of year	$ 3,438
Capitalized acquisitions	939
Depreciation expense	(612)
Balance at end of year	$ 3,765

8. Other Assets

Intragovernmental Other Assets

Intragovernmental Other Assets amounts include advances provided to Federal agencies for goods and services that will be furnished to SSA. Intragovernmental Other Assets are $75 and $56 million as of September 30, 2020 and 2019.

9. Liabilities

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

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

	2020			
	Covered	Not Covered	Not Requiring	Total
Intragovernmental:				
Accrued RRI*	$ 5,396	$ 0	$ 0	$ 5,396
Accounts Payable	47	0	4,214	4,261
Other	90	68	2	160
Total Intragovernmental	5,533	68	4,216	9,817
Benefits Due and Payable	106,078	2,028	0	108,106
Accounts Payable	106	48	177	331
Federal Employee and Veteran Benefits	0	281	0	281
Other	495	412	47	954
Total Liabilities	$ 112,212	$ 2,837	$ 4,440	$ 119,489

Note:

*Railroad Retirement Interchange

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

	2019			
	Covered	Not Covered	Not Requiring	Total
Intragovernmental:				
Accrued RRI*	$ 5,052	$ 0	$ 0	$ 5,052
Accounts Payable	72	0	6,013	6,085
Other	67	52	3	122
Total Intragovernmental	5,191	52	6,016	11,259
Benefits Due and Payable	103,552	2,494	0	106,046
Accounts Payable	74	55	301	430
Federal Employee and Veteran Benefits	0	300	0	300
Other	447	333	42	822
Total Liabilities	$ 109,264	$ 3,234	$ 6,359	$ 118,857

Note:

*Railroad Retirement Interchange

Intragovernmental Accrued Railroad Retirement Interchange

The Intragovernmental Accrued Railroad Retirement Interchange represents an accrued liability due to the Railroad Retirement Board for the annual interchange from the OASI and DI Trust Funds. This annual interchange is required to place the OASI and DI Trust Funds in the same position they would have been if SSA had covered railroad employment. The *Railroad Retirement Act of 1974* requires the transfer, including interest accrued from the end of the preceding fiscal year, to be made in June.

Intragovernmental Accounts Payable

Included in the Intragovernmental Accounts Payable Not Requiring budgetary resources are amounts due to Treasury's General Fund. SSA records a payable equal to the SSI Federal benefit overpayments receivable when the agency identifies overpayments. Refer to Note 3, Non-Entity Assets, for additional information on the SSI receivables established for the repayment of SSI benefit overpayments.

Intragovernmental Other Liabilities

Intragovernmental Other Liabilities include amounts Covered by budgetary resources for employer contributions and payroll taxes, excluding deferred payroll taxes, and amounts advanced by Federal agencies for goods and services to be furnished. Intragovernmental Other Liabilities Covered, shown in Chart 9a, are current liabilities. As of September 30, 2020, we have recorded $17 million in Intragovernmental Other Liabilities, Not Covered by budgetary resources, representing the deferred payroll taxes based on the President's August 8, 2020 *Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster* due to Treasury. Intragovernmental Other Liabilities Not Covered by budgetary resources also includes amounts for *Federal Employees' Compensation Act* (FECA), administered by the Department of Labor (DOL). FECA provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. For payment purposes, claims incurred for benefits for SSA employees under FECA are divided into current and non-current portions. The current portion represents SSA's accrued liability due to the DOL's FECA Special Benefits Fund for payments made on SSA's behalf. The funding for the liability will be made from a future appropriation.

SSA's current portions of FECA liability are $51 and $52 million as of September 30, 2020 and 2019. Intragovernmental Other Liabilities Not Requiring budgetary resources in Chart 9a represent non-current unapplied deposit account balances of $2 and $3 million as of September 30, 2020 and 2019.

Benefits Due and Payable

Benefits Due and Payable are amounts owed to program recipients that have not yet been paid as of the balance sheet date. Chart 9b shows the amounts for SSA's major programs as of September 30, 2020 and 2019. These amounts include an estimate for unadjudicated cases that will be payable in the future. Except for the SSI program, budgetary resources cover the unadjudicated cases.

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

	2020	2019
OASI	$ 83,717	$ 79,818
DI	21,432	22,728
SSI	3,403	4,074
Subtotal	108,552	106,620
Less: Intra-agency eliminations	(446)	(574)
Total Benefits Due and Payable	$ 108,106	$ 106,046

Chart 9b also shows that as of FY 2020 and FY 2019, SSA reduced gross Benefits Due and Payable by $446 and $574 million as an intra-agency elimination. This intra-agency activity results primarily from the Windfall Offset and KZ Diary activity. Refer to Note 6, Accounts Receivable, Net.

Accounts Payable

Accounts Payable Not Requiring budgetary resources consists of SSI State Supplemental overpayments due to States. States are entitled to any overpayment that SSA expects to collect because the States fund the actual payments made to the beneficiaries. As of September 30, 2020, the SSI amounts due back to the States have decreased as a result of our Allowance for Doubtful Accounts methodology change and our deferral of certain overpayment debt activities due to the COVID-19 pandemic. Refer to Footnote 6, Accounts Receivable. Accounts Payable Not Covered by budgetary resources consist of SSI State Supplemental underpayments due to the SSI recipients. These amounts are set up as an accounts payable until payment is made.

Federal Employee and Veteran Benefits

Federal Employee and Veteran Benefits Not Covered by budgetary resources include the non-current portion of FECA, which is an actuarial liability. The non-current portion of $281 and $300 million as of September 30, 2020 and 2019 represents the expected liability from FECA claims for the next 23-year period. The Department of Labor calculated this actuarial liability using historical payment data to project future costs.

Other Liabilities

SSA's Other Liabilities consist of liabilities Covered by, Not Covered by, and Not Requiring budgetary resources. Other Liabilities Covered by budgetary resources is primarily comprised of accrued payroll and SSI State Supplemental amounts collected in advance. Other Liabilities Not Covered by budgetary resources primarily consists of leave earned but not taken. Other liabilities Not Requiring budgetary resources consists of unapplied deposit funds. Other Liabilities are current in nature with the exception of $18 million of Not Requiring unapplied deposit funds as of September 30, 2020 and 2019.

Federal Leases

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

Chart 9c - Future Operating Lease/Occupancy Agreement Commitments as of September 30:
(Dollars in Millions)

Fiscal Year	GSA OAs
2021	$ 137
2022	130
2023	124
2024	118
2025	103
2026 and Thereafter (In total)*	499
Total Future Lease Payments	$ 1,111

Note:

*OAs go through the year 2035.

Contingent Liabilities

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

- Various cases challenge the constitutionality of excluding residents of Puerto Rico and Guam from certain Federal assistance programs. The amount of the potential loss that could arise out of these cases may or may not be material, depending on the scope of any adverse outcome. The relative recency of several of these cases prevents us from defining the reasonable scope of any adverse outcome, including certain aspects of eligibility that affect the materiality, and thus an estimate cannot be developed at this time.
- A putative class action lawsuit is pending in a Federal district court in Illinois challenging SSA's calculation of the workers' compensation offset to individuals' benefits. The estimated potential loss for this case is approximately $306 million.

10. Funds from Dedicated Collections

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

OASI and DI Trust Funds

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

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

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

TAXATION ON SOCIAL SECURITY BENEFITS

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

SSI STATE ADMINISTRATIVE FEES

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

See Chart 10 for balances of funds from dedicated collections as reported in the Consolidated Financial Statements for the years ended September 30, 2020 and 2019. The Other Dedicated Funds column in Chart 10 consists of Taxation on Social Security Benefits and SSI State Administrative Fees activity.

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

	2020				
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Eliminations	Total Dedicated Funds
Balance Sheet					
Assets					
Intragovernmental:					
Fund Balance with Treasury	$ (32)	$ (146)	$ 0	$ 0	$ (178)
Investments	2,811,213	97,210	0	0	2,908,423
Interest Receivable	17,744	665	0	0	18,409
Accounts Receivables, Federal	1	0	0	0	1
Total intragovernmental assets	2,828,926	97,729	0	0	2,926,655
Accounts Receivables, Non-Federal	2,138	3,319	0	(4)	5,453
Total Assets	$ 2,831,064	$ 101,048	$ 0	$ (4)	$ 2,932,108
Liabilities and Net Position					
Intragovernmental:					
Accrued Railroad Retirement	$ 5,241	$ 155	$ 0	$ 0	$ 5,396
Accounts Payable, Federal	1,085	907	0	0	1,992
Total intragovernmental liabilities	6,326	1,062	0	0	7,388
Benefits Due and Payable	83,717	21,432	0	(4)	105,145
Accounts Payable, Non-Federal	0	3	0	0	3
Total Liabilities	90,043	22,497	0	(4)	112,536
Cumulative Results of Operations	2,741,021	78,551	0	0	2,819,572
Total Liabilities and Net Position	$ 2,831,064	$ 101,048	$ 0	$ (4)	$ 2,932,108
Statement of Net Cost					
Program Costs	$ 944,494	$ 144,506	$ 0	$ 0	$ 1,089,000
Operating Expenses	528	282	0	0	810
Less Earned Revenue	(1)	(23)	(130)	0	(154)
Net Cost of Operations	$ 945,021	$ 144,765	$ (130)	$ 0	$ 1,089,656
Statement of Changes in Net Position					
Net Position Beginning of Period	$ 2,740,248	$ 78,569	$ 0	$ 0	$ 2,818,817
Tax Revenue	841,664	142,898	0	0	984,562
Interest Revenue	74,638	2,775	0	0	77,413
Net Transfers In/Out	29,468	(1,003)	(39,711)	0	(11,246)
Other	24	77	39,581	0	39,682
Total Financing Sources	945,794	144,747	(130)	0	1,090,411
Net Cost of Operations	945,021	144,765	(130)	0	1,089,656
Net Change	773	(18)	0	0	755
Net Position End of Period	$ 2,741,021	$ 78,551	$ 0	$ 0	$ 2,819,572

The above Chart 10 for FY 2020 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $2,434 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2020 must be eliminated against LAE (Accounts Payable, Federal), SSI (Benefits Due and Payable and Accounts Receivables, Non-Federal), and PTF, excluding Taxation on Benefits (Accounts Receivable, Federal), which are not classified as funds from dedicated collections. Therefore, due to the separate presentation of funds from dedicated collections only in this note, SSA does not include eliminations between funds from dedicated collections and LAE, SSI, and PTF, excluding Taxation on Benefits in Chart 10.

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

	2019				
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Eliminations	Total Dedicated Funds
Balance Sheet					
Assets					
Intragovernmental:					
Fund Balance with Treasury	$ (84)	$ (111)	$ 0	$ 0	$ (195)
Investments	2,804,396	96,520	0	0	2,900,916
Interest Receivable	19,094	702	0	0	19,796
Accounts Receivables, Federal	1	0	0	0	1
Total Intragovernmental Assets	2,823,407	97,111	0	0	2,920,518
Accounts Receivables, Non-Federal	2,527	5,114	0	(4)	7,637
Total Assets	$ 2,825,934	$ 102,225	$ 0	$ (4)	$ 2,928,155
Liabilities and Net Position					
Intragovernmental:					
Accrued Railroad Retirement	$ 4,939	$ 113	$ 0	$ 0	$ 5,052
Accounts Payable, Federal	928	811	0	0	1,739
Total Intragovernmental Liabilities	5,867	924	0	0	6,791
Benefits Due and Payable	79,818	22,728	0	(4)	102,542
Accounts Payable, Non-Federal	1	4	0	0	5
Total Liabilities	85,686	23,656	0	(4)	109,338
Cumulative Results of Operations	2,740,248	78,569	0	0	2,818,817
Total Liabilities and Net Position	$ 2,825,934	$ 102,225	$ 0	$ (4)	$ 2,928,155
Statement of Net Cost					
Program Costs	$ 892,619	$ 142,482	$ 0	$ 0	$ 1,035,101
Operating Expenses	548	266	0	0	814
Less Earned Revenue	(1)	(25)	(128)	0	(154)
Net Cost of Operations	$ 893,166	$ 142,723	$ (128)	$ 0	$ 1,035,761
Statement of Changes in Net Position					
Net Position Beginning of Period	$ 2,742,699	$ 72,904	$ 0	$ 0	$ 2,815,603
Tax Revenue	785,576	146,848	0	0	932,424
Interest Revenue	78,742	2,963	0	0	81,705
Net Transfers In/Out	26,384	(1,511)	(36,232)	0	(11,359)
Other	13	88	36,104	0	36,205
Total Financing Sources	890,715	148,388	(128)	0	1,038,975
Net Cost of Operations	893,166	142,723	(128)	0	1,035,761
Net Change	(2,451)	5,665	0	0	3,214
Net Position End of Period	$ 2,740,248	$ 78,569	$ 0	$ 0	$ 2,818,817

Chart 10 for FY 2019 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $2,310 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2019 must be eliminated against LAE (Accounts Payable, Federal), SSI (Benefits Due and Payable and Accounts Receivables, Non-Federal), and PTF, excluding Taxation on Benefits (Accounts Receivable, Federal), which are not classified as funds from dedicated collections. Therefore, due to the separate presentation of funds from dedicated collections only in this note, SSA does not include eliminations between funds from dedicated collections and LAE, SSI, and PTF, excluding Taxation on Benefits in Chart 10.

11. OPERATING EXPENSES

CLASSIFICATION OF OPERATING EXPENSES BY MAJOR PROGRAM

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

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

	2020						
	LAE						
	SSA	OIG	CARES Act	ARRA	OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
OASI	$ 3,158	$ 46	$ 0	$ 0	$ 512	$ 16	$ 3,732
DI	2,516	36	0	0	93	189	2,834
SSI	4,507	0	0	0	0	238	4,745
Other	2,556	33	287	8	0	0	2,884
Total	$ 12,737	$ 115	$ 287	$ 8	$ 605	$ 443	$ 14,195

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

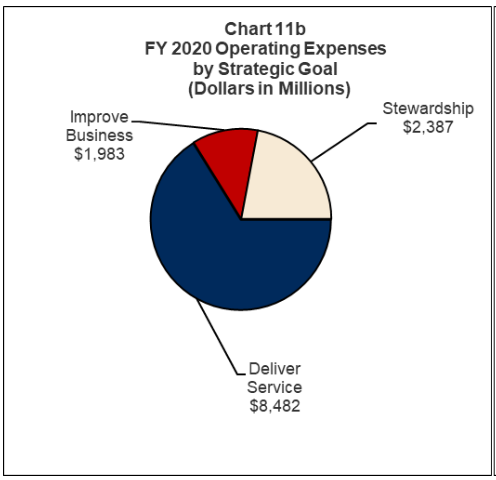
	2019					
	LAE					
	SSA	OIG	ARRA	OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
OASI	$ 3,377	$ 42	$ 0	$ 534	$ 14	$ 3,967
DI	2,764	35	0	96	170	3,065
SSI	4,685	0	0	0	223	4,908
Other	2,531	30	17	0	0	2,578
Total	$ 13,357	$ 107	$ 17	$ 630	$ 407	$ 14,518

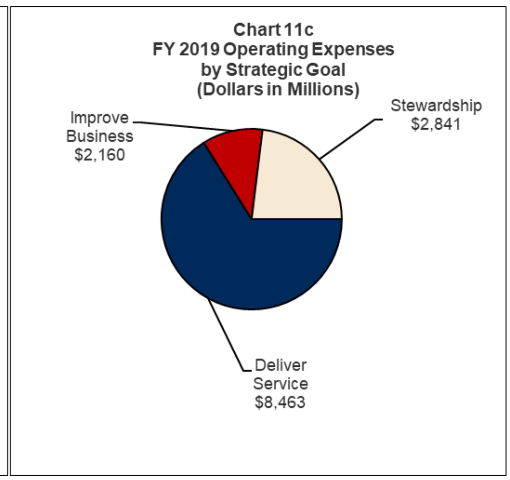
Classification of Operating Expenses by Strategic Goal

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

- Deliver Services Effectively (Deliver Service);
- Improve the Way We Do Business (Improve Business); and
- Ensure Stewardship (Stewardship).

Charts 11b and 11c exhibit the distribution of FY 2020 and FY 2019 SSA and OIG LAE operating expenses to the three APP Strategic Goals, which agree to the agency's LAE budget appropriation. The operating expenses are allocated to each goal using percentages developed using data from SSA's CAS. The percentages are calculated using agency workload data. SSA modified the calculation of the Strategic Goal percentages during FY 2020 to include a breakdown by Strategic Objective within each goal. The FY 2019 amounts in Chart 11c have been reclassified using the new calculation methodology for comparison purposes.





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

12. Exchange Revenues

SSA recognizes revenue from exchange transactions when goods and services are provided. The goods and services provided are priced so that charges do not exceed the agency's cost. Total exchange revenue is $295 and $299 million for the years ended September 30, 2020 and 2019. SSA's exchange revenue primarily consists of fees collected to administer SSI State Supplementation. The fees charged to the States are $12.41 and $12.21, per payment, for the years ended September 30, 2020 and 2019. SSA has agreements with 20 States and the District of Columbia to administer some or all of the States' supplement to Federal SSI benefits. Additional fees are collected for handling OASI and DI Trust Fund and SSI attorney fees. Other exchange revenue consists of reimbursement for performing non-mission work for Federal and non-Federal entities. Chart 12 discloses SSA's exchange revenue by activity.

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

	2020	2019
SSI State Supplementation Fees	$ 217	$ 217
SSI Attorney Fees	8	8
DI Attorney Fees	23	25
OASI Attorney Fees	1	1
Other Exchange Revenue	46	48
Total Exchange Revenue	$ 295	$ 299

SSI administrative fees are split between fees that SSA can use and fees that are entitled to Treasury's General Fund. The General Fund's portion of these administrative fees are $95 and $97 million for the years ended September 30, 2020 and 2019. Of these amounts, $87 and $89 million were collected to administer SSI State Supplementation for the years ended September 30, 2020 and 2019. SSA maintains the remainder of the SSI administrative fees, which meet the criteria of a fund from dedicated collections, in the amounts of $130 and $128 million for the years ended September 30, 2020 and 2019, to defray expenses in carrying out the SSI program.

13. Tax Revenues

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

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

In FY 2020, due to the impact of the COVID-19 pandemic, the IRS did not process Single and Multiple Employer Refunds. The IRS usually processes these refunds of employment taxes paid in September. The refunds are the result of employers reporting wages in excess of the applicable taxable maximum (Single Employer Refunds), or employees whose combined wages from multiple employers exceeded the applicable taxable maximum (Multiple Employer Refunds). These refunds are deducted from employment tax revenues reported in Chart 13. In FY 2019, Single Employer Refunds totaled $65 and $15 million, and Multiple Employer Refunds totaled $2,882 and $683 million, for OASI and DI respectively.

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

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

	2020	2019
OASI	$ 841,664	$ 785,576
DI	142,898	146,848
Total Tax Revenue	$ 984,562	$ 932,424

The passage of Public Law 114-74, *Bipartisan Budget Act of 2015*, increased the DI Trust Fund's portion of the FICA payroll tax by 0.57 percentage points. A total of 2.37 percentage points of the total combined 12.40 percent payroll tax was allocated to the DI Trust Fund starting January 1, 2016, and continued through December 31, 2018, after which the allocation returned to the prior distribution.

14. IMPUTED FINANCING

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

OPM administers three earned benefit programs for civilian Federal employees: (1) the Retirement Program, comprised of the CSRS and the FERS; (2) the Federal Employees Health Benefits Program (FEHBP); and (3) the Federal Employee Group Life Insurance Program (FEGLI). The total service costs for SSA employee pensions, life, and health insurance are financed by contributions of SSA, participating employees, and OPM. The Consolidated Statements of Net Cost recognize post-employment benefit expenses of $1,318 and $1,286 million for the years ended September 30, 2020 and 2019, as a portion of operating expenses. The expense represents the current and estimated future costs of SSA and OPM for SSA employee pensions, life, and health insurance. SSA is responsible for a portion of the costs of each benefit program during the fiscal year, while the remaining costs are covered by OPM. SSA recognizes these costs on our financial statements as an imputed cost, with a corresponding imputed financing source.

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

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

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

	2020	2019
Employee Benefits (OPM)		
CSRS*	$ 45	$ 77
FERS	0	97
FEHBP	494	454
FEGLI	1	1
Total Employee Benefits	540	629
SSI Benefit Payments (Treasury)	17	16
Judgment Fund (Treasury)	1	1
Total Imputed Financing Sources	$ 558	$ 646

Note:

*The FY 2020 CSRS amounts are offset by $19 million of excess FY 2020 FERS employer contributions over program service cost.

15. BUDGETARY RESOURCES

APPROPRIATIONS RECEIVED

The Combined Statements of Budgetary Resources discloses Appropriations Received of $1,200,535 and $1,144,317 million for the years ended September 30, 2020 and 2019. Appropriations Received on the Consolidated Statements of Changes in Net Position are $101,390 and $97,038 million for the same periods. The differences of $1,099,145 and $1,047,279 million primarily represent appropriated OASI and DI Trust Fund receipts. The Consolidated Statements of Changes in Net Position reflect new appropriations received during the year; however, those amounts do not include dedicated receipts in the OASI and DI Trust Funds.

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

PERMANENT INDEFINITE APPROPRIATION

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

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

LEGAL ARRANGEMENTS AFFECTING USE OF UNOBLIGATED BALANCES

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

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

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

	2020			2019		
	OASI	DI	Total	OASI	DI	Total
Receipts	$ 955,597	$ 147,489	$ 1,103,086	$ 900,093	$ 151,093	$ 1,051,186
Less: Obligations	953,157	145,861	1,099,018	901,651	145,668	1,047,319
Excess of Receipts Over Obligations	$ 2,440	$ 1,628	$ 4,068	$ (1,558)	$ 5,425	$ 3,867

Public Law 114-74, *Bipartisan Budget Act of 2015*, increased the DI Trust Fund's portion of the FICA payroll tax by 0.57 percentage points. A total of 2.37 percentage points of the total combined 12.40 percent payroll tax was allocated to the DI Trust Fund starting January 1, 2016, and continued through December 31, 2018, after which the allocation returned to the prior distribution. The overall Net Position of the OASI and DI Trust Funds included in Net Position, on the Consolidated Statements of Changes in Net Position, are $2,741,021 and $78,551 million for the year ended September 30, 2020, compared to $2,740,248 and $78,569 million for the year ended September 30, 2019.

Undelivered Orders at the End of the Period

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

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

	2020			2019		
	Federal	Non-Federal	Total	Federal	Non-Federal	Total
Unpaid Undelivered Orders	$ 905	$ 2,161	$ 3,066	$ 793	$ 1,775	$ 2,568
Paid Undelivered Orders	76	0	76	55	0	55
Total Undelivered Orders	$ 981	$ 2,161	$ 3,142	$ 848	$ 1,775	$ 2,623

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

SSA conducted a reconciliation of budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and net outlays as presented in the Combined Statements of Budgetary Resources, to amounts included in the Budget of the U.S. Government for the year ended September 30, 2019. All differences shown in the chart below are recognized as accepted differences. Expired activity is not included in the Budget of the U.S. Government. Distributed offsetting receipts are not included in the net outlay calculation within the Budget of the U.S. Government.

Chart 15c presents a reconciliation of budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and outlays as presented in the Combined Statements of Budgetary Resources, to amounts included in the Budget of the U.S. Government for the year ended September 30, 2019.

Chart 15c - Explanation of Differences Between Combined Statement of Budgetary Resources and the Budget of the U.S. Government for FY 2019:
(Dollars in Millions)

	Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 1,164,987	$ 1,159,469	$ 39,333	$ 1,101,833
Expired activity not in President's Budget	(433)	0	0	0
Offsetting Receipts activity not in President's Budget	0	0	0	39,333
Other	0	(1)	0	(2)
Budget of the U.S. Government	$ 1,164,554	$ 1,159,468	$ 39,333	$ 1,141,164

A reconciliation has not been conducted for the year ended September 30, 2020 since the actual budget data for FY 2020 will not be available until the President's Budget is published. Once available, the actual budget data will be located on OMB's Appendix website (https://www.whitehouse.gov/omb/appendix/).

16. Reconciliation of Net Cost to Net Outlays

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

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

Chart 16 - Reconciliation of Net Cost to Net Outlays for the Years Ended September 30, 2020 and 2019

(Dollars in Millions)

	2020			2019		
	Intra-governmental	**With the Public**	**Total**	Intra-governmental	With the Public	Total
Net Cost	**$ 4,392**	**$ 1,153,346**	**$ 1,157,738**	$ 4,390	$ 1,096,921	$ 1,101,311
Components of Net Cost That Are Not Part of Net Outlays:						
Property, plant, and equipment depreciation	**0**	**(612)**	**(612)**	0	(144)	(144)
Increase/(decrease) in assets:						
Accounts receivable	**(4)**	**(4,076)**	**(4,080)**	1	181	182
Other assets	**21**	**0**	**21**	25	0	25
(Increase)/decrease in liabilities not affecting budget outlays:						
Accounts payable	**23**	**97**	**120**	10	76	86
Benefits Due and Payable	**0**	**(1,932)**	**(1,932)**	0	(1,374)	(1,374)
Salaries and benefits	**(20)**	**(48)**	**(68)**	(7)	(21)	(28)
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	**1,784**	**(60)**	**1,724**	(197)	12	(185)
Other financing sources						
Federal employee retirement benefit costs paid by OPM and imputed to the agency	**(558)**	**0**	**(558)**	(646)	0	(646)
Total Components of Net Cost That Are Not Part of Net Outlays	**$ 1,246**	**$ (6,631)**	**$ (5,385)**	$ (814)	$ (1,270)	$ (2,084)
Components of Net Outlays That Are Not Part of Net Cost:						
Acquisition of capital assets	**155**	**784**	**939**	138	(38)	100
Transfers out(in) without reimbursement	**7**	**0**	**7**	9	0	9
Expenditure Transfers Collected/Disbursed	**2,515**	**0**	**2,515**	2,469	0	2,469
Other	**(1,706)**	**(193)**	**(1,899)**	226	(198)	28
Total Components of Net Outlays That Are Not Part of Net Cost	**$ 971**	**$ 591**	**$ 1,562**	$ 2,842	$ (236)	$ 2,606
Net Outlays	**$ 6,609**	**$ 1,147,306**	**$ 1,153,915**	$ 6,418	$ 1,095,415	$ 1,101,833

The $1,932 million increase in Benefits Due and Payable in the reconciliation for the year ended September 30, 2020, is primarily related to amounts owed to program recipients that have not yet been paid as of the balance sheet date. These accrued payables are included in net cost, but not included in net outlays. The $2,515 million in Expenditure Transfers Disbursed for the year ended September 30, 2020, is primarily related to disbursements from the OASI/DI Trust Funds to cover SSA's costs of the Railroad Retirement Interchange. These disbursements are part of net outlays, but not part of net cost. Refer to Note 9, Liabilities, for additional information on the Railroad Retirement Interchange. The $4,080 million decrease in Accounts Receivable and negative $1,899 million in Other Components of Net Outlays That Are Not Part of Net Cost for the year ended September 30, 2020, represents a decrease in Accounts Receivable and related Transfers-out to the General Fund. This decrease is a result of our Allowance for Doubtful Accounts methodology change and our deferral of certain overpayment debt activities due to the COVID-19 pandemic in FY 2020.

17. Social Insurance Disclosures

Statements of Social Insurance

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

Present values are computed based on the intermediate economic and demographic assumptions described in *The 2020 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2020 Trustees Report) for the 75-year projection period beginning January 1, 2020. These assumptions represent the Trustees' reasonable estimate of likely future economic and demographic conditions. Note that the projections in the 2020 Trustees Report do not reflect the effects of the COVID-19 pandemic on the Social Security program (see the "Potential Impact on the Social Insurance Statements of the COVID-19 Pandemic" paragraph in Note 19, Subsequent Events, for additional details). Similar present values are shown in the Statements of Social Insurance based on the prior four Trustees Reports reflecting present values at January 1 of the applicable year.

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

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

Combined OASI and DI Trust Fund reserves represent the accumulated excess of all past income, including interest on prior combined OASI and DI Trust Fund reserves, over all past expenditures for the social insurance program. The combined OASI and DI Trust Fund reserves as of January 1, 2020 totaled $2,897 billion and were comprised entirely of investment securities that are backed by the full faith and credit of the Federal Government.

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

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

ASSUMPTIONS USED FOR THE STATEMENTS OF SOCIAL INSURANCE

The present values used in this presentation for the current year (2020) are based on the full amounts of estimated noninterest income and the cost of providing benefits at the levels scheduled under current law, even after the OASI and DI Trust Fund reserves are depleted. Estimates are also based on various economic and demographic assumptions, including those in the following table:

Table 1: Significant Assumptions and Summary Measures Used for the Statement of Social Insurance 2020

	Total Fertility Rate[1]	Age-Sex-Adjusted Death Rate[2] (per 100,000)	Period Life Expectancy At Birth[3]		Net Annual Immigration (persons per year)[4]	Real-Wage Differential[5] (percentage points)	Annual Percentage Change In:				Average Annual Interest Rate[10]
			Male	Female			Average Annual Wage in Covered Employment[6]	CPI[7]	Total Employment[8]	Real GDP[9]	
2020	1.69	790.4	76.4	81.3	1,418,000	1.23	3.50	2.27	0.9	2.1	2.3%
2030	1.95	729.4	77.5	82.2	1,326,000	1.25	3.65	2.40	0.4	2.0	4.7%
2040	1.95	669.5	78.6	83.1	1,277,000	1.14	3.54	2.40	0.3	1.9	4.7%
2050	1.95	616.6	79.7	84.0	1,249,000	1.12	3.52	2.40	0.5	2.0	4.7%
2060	1.95	570.1	80.7	84.8	1,236,000	1.16	3.56	2.40	0.4	2.0	4.7%
2070	1.95	529.1	81.6	85.6	1,227,000	1.12	3.52	2.40	0.3	1.9	4.7%
2080	1.95	492.8	82.5	86.3	1,221,000	1.11	3.51	2.40	0.4	2.0	4.7%
2090[11]	1.95	460.5	83.3	86.9	1,218,000	1.13	3.53	2.40	0.4	2.0	4.7%

Notes:

1. The total fertility rate for any year is the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year, and if she were to survive the entire childbearing period.
2. The age-sex-adjusted death rate is based on the enumerated total population as of April 1, 2010, if that population were to experience the death rates by age and sex observed in, or assumed for, the selected year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
3. The period life expectancy at birth for a given year is the average number of years expected prior to death for a person born on January 1 in that year, using the mortality rates for that year over the course of his or her remaining life. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
4. Net annual immigration is the number of persons who enter during the year (both as lawful permanent residents and otherwise) minus the number of persons who leave during the year. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
5. The real-wage differential is the annual percentage change in the average annual wage in covered employment less the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Values are rounded after all computations.
6. The average annual wage in covered employment is the total amount of wages and salaries for all employment covered by the OASDI program in a year, divided by the number of employees with any such earnings during the year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
7. The CPI is CPI-W.
8. Total employment is total U.S. military and civilian employment. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
9. The real GDP is the value of the total output of goods and services in 2012 dollars. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
10. The average annual interest rate is the average of the nominal interest rates, compounded semiannually, for special public-debt obligations issuable to the OASI and DI Trust Funds in each of the 12 months of the year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
11. The valuation period used for the 2020 Statement of Social Insurance extends to 2094.

The present values used in the Statement of Social Insurance for the current year and in corresponding Statements in prior years are based on various economic and demographic assumptions. The values for each of these assumptions move from recently experienced levels or trends toward long-range ultimate values. These ultimate values are summarized in Table 2. Detailed information, similar to that denoted within Table 1, is available on our Agency Financial Report website (www.ssa.gov/finance) for the prior four years.

Table 2: Significant Ultimate Assumptions and Summary Measures Used for the Statements of Social Insurance for Current and Prior Years

Year of Statement	Total Fertility Rate[1]	Average Annual Percentage Reduction in the Age-Sex-Adjusted Death Rates[2]	Average Annual Net Immigration (persons per year)[3]	Average Annual Real-Wage Differential[4] (percentage points)	Average Annual Percentage Change In:			Average Annual Real Interest Rate[8]
					Average Annual Wage in Covered Employment[5]	CPI[6]	Total Employment[7]	
FY 2020	1.95	0.76	1,261,000	1.14	3.54	2.40	0.4	2.3
FY 2019	2.00	0.77	1,265,000	1.21	3.81	2.60	0.5	2.5
FY 2018	2.00	0.77	1,272,000	1.20	3.80	2.60	0.5	2.7
FY 2017	2.00	0.77	1,286,000	1.20	3.80	2.60	0.5	2.7
FY 2016	2.00	0.78	1,291,000	1.20	3.80	2.60	0.5	2.7

Notes:

1. The total fertility rate for any year is the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year, and if she were to survive the entire childbearing period. For the 2020 Statement, the ultimate total fertility rate is assumed to be reached in the 10th year of the projection period.
2. The age-sex-adjusted death rate is based on the enumerated total population as of a standard date if that population were to experience the death rates by age and sex observed in, or assumed for, the selected year. For each of the listed Statements, the standard date was April 1, 2010. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value presented is the average annual percentage reduction for each 75-year projection period. The annual rate of reduction declines gradually during the period, so no ultimate rate is achieved. For the 2020 Statement, the average annual rate of reduction is computed based on death-rate levels, as shown in Table 1.
3. Net annual immigration is the number of persons who enter during the year (both as lawful permanent residents and otherwise) minus the number of persons who leave during the year. The value in the table is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value shown is the average net immigration level projected for the 75-year projection period. For the 2020 Statement, the value shown is consistent with the annual levels shown in Table 1.
4. The annual real-wage differential is the annual percentage change in the average annual wage in covered employment less the annual percentage change in the CPI-W. The value presented is the average of annual real-wage differentials for the last 65 years of the 75-year projection period. For the 2020 Statement, the average real-wage differential is consistent with the annual differentials shown in Table 1.
5. The average annual wage in covered employment is the total amount of wages and salaries for all employment covered by the OASDI program in a year divided by the number of employees with any such earnings during the year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value presented is the average annual percentage change from the 10th year of the 75-year projection period to the 75th year. For the 2020 Statement, the average annual percentage change is consistent with the annual percentages shown in Table 1.
6. The CPI is the CPI-W. The ultimate assumption is reached within the first 10 years of the projection period. For the 2020 Statement, the average annual rate of CPI is consistent with the annual differentials shown in Table 1.
7. Total employment is total U.S. military and civilian employment. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The average annual percentage change in total employment is for the entire 75-year projection period. The annual rate of increase tends to decline through the period reflecting the slowing growth rate of the working-age population. Thus, no ultimate rate of change is achieved. For the 2020 Statement, the average annual rate of change is consistent with the annual percentages shown in Table 1.
8. The average annual real interest rate reflects the expected annual real yield for each year on securities issuable in the prior year. The ultimate rate is reached within the first 10 years of the projection period. For the 2020 Statement, the average annual real interest rate is consistent with the nominal interest rates shown in Table 1.

These assumptions and the other values on which Table 2 is based reflect the intermediate assumptions of the 2016–2020 Trustees Reports. Estimates made prior to this year may differ substantially because of revisions to the assumptions based on changes in conditions or experience, and to changes in actuarial methodology. It is reasonable to expect more changes for similar reasons in future reports.

Additional information on social insurance is contained in the *Required Supplementary Information: Social Insurance* section of this report.

Statements of Changes in Social Insurance Amounts

The Statements of Changes in Social Insurance Amounts reconcile changes, from the beginning of one 75-year valuation period to the next, in the: (1) present value of estimated future noninterest income less estimated future cost for current and future participants (the open group measure) over the next 75 years; (2) starting reserves of the combined OASI and DI Trust Funds; and (3) present value of estimated future noninterest income less estimated future cost for current and future participants over the next 75 years plus the reserves of the combined OASI and DI Trust Funds. These values are included in the Statements of Social Insurance. The Statements of Changes in Social Insurance Amounts show two reconciliations: (1) change from the period beginning on January 1, 2019 to the period beginning on January 1, 2020; and (2) change from the period beginning on January 1, 2018 to the period beginning on January 1, 2019. The reconciliation identifies several changes that are significant and provides reasons for the changes.

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

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

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

Change in the Valuation Period

From the period beginning on January 1, 2019 to the period beginning on January 1, 2020

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2019–2093) to the current valuation period (2020–2094) is measured by using the assumptions for the prior valuation and extending them to cover the current valuation. Changing the valuation period removes a small negative estimated net cash flow for 2019, replaces it with a much larger negative estimated net cash flow for 2094, and measures the present values as of January 1, 2020, one year later. Thus, the present value of estimated future net cash flows (excluding the combined OASI and DI Trust Fund reserves at the start of the period) decreased (i.e., became more negative) when the 75-year valuation period changed from 2019–2093 to 2020–2094. In addition, the effect on the level of reserves in the combined OASI and DI Trust Funds of changing the valuation period is measured by assuming all values projected in the prior valuation for the year 2019 are realized. The change in valuation period decreased the starting level of reserves in the combined OASI and DI Trust Funds. As a result, the present value of the estimated future net cash flows decreased by $0.6 trillion.

From the period beginning on January 1, 2018 to the period beginning on January 1, 2019

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2018–2092) to the current valuation period (2019–2093) is measured by using the assumptions for the prior valuation and extending them to cover the current valuation. Changing the valuation period removes a small negative estimated net cash flow for 2018, replaces it with a much larger negative estimated net cash flow for 2093, and measures the present values as of January 1, 2019, one year later. Thus, the present value of estimated future net cash flows (excluding the combined OASI and DI Trust Fund reserves at the start of the period) decreased (i.e., became more negative) when the 75-year valuation period changed from 2018–2092 to 2019–2093. In addition, the effect on the level of reserves in the combined OASI and DI Trust Funds of changing the valuation period is measured by assuming all values projected in the prior valuation for the year 2018 are realized. The change in valuation period decreased the starting level of reserves in the combined OASI and DI Trust Funds. As a result, the present value of the estimated future net cash flows decreased by $0.6 trillion.

CHANGES IN DEMOGRAPHIC DATA, ASSUMPTIONS, AND METHODS

From the period beginning on January 1, 2019 to the period beginning on January 1, 2020

For the current valuation (beginning on January 1, 2020), there was one change to the ultimate demographic assumptions. The ultimate total fertility rate was lowered from 2.00 to 1.95 children per woman, reflecting a continued decline in fertility rates since 2007. The decline in the total fertility rate decreased the present value of estimated future net cash flows.

In addition to this ultimate demographic assumption change, the starting demographic values and the way these values transition to the ultimate assumptions were changed.

- Final birth rate data for 2018 and the first quarter of 2019 indicated somewhat lower birth rates than were assumed in the prior valuation.
- Incorporating 2017 mortality data obtained from the National Center for Health Statistics (NCHS) for ages under 65 in addition to final 2016, preliminary 2017, and preliminary 2018 mortality data from Medicare experience for ages 65 and older resulted in higher death rates for all future years than were projected in the prior valuation.

There were no notable changes in demographic methodology. Overall, changes to these assumptions caused the present value of the estimated future net cash flows to decrease by $0.4 trillion.

From the period beginning on January 1, 2018 to the period beginning on January 1, 2019

The ultimate demographic assumptions for the current valuation (beginning on January 1, 2019) are the same as those for the prior valuation. However, the starting demographic values and the way these values transition to the ultimate assumptions were changed.

- The numbers of new lawful permanent residents (LPR) for calendar years 2018 and 2019 were assumed to be slightly lower than projected in the prior valuation period, due to recent lower annual refugee ceilings set by the Administration.
- The current valuation incorporated a gradual rise in 2017 and 2018 of other-than-LPR immigrants, reaching the ultimate assumed level in 2019. In contrast, the prior valuation incorporated a surge in the number of other-than-LPR immigrants for years 2016 through 2021.
- Final birth rate data for 2017 indicated slightly lower birth rates than were assumed in the prior valuation.
- Incorporating 2016 mortality data obtained from NCHS for ages under 65 and 2016 and preliminary 2017 mortality data from Medicare experience for ages 65 and older resulted in higher death rates for all future years than were projected in the prior valuation.

Inclusion of the lower numbers of LPRs in the short-term, eliminating the surge in other-than-LPRs, and lower birth rates decreased the present value of estimated future net cash flows, while the inclusion of the recent mortality data increased the present value of estimated future net cash flows.

There were two notable changes in demographic methodology:

- Improved the method for projecting fertility rates by better incorporating detailed provisional birth rate data available from NCHS.
- Incorporated more comprehensive Medicare mortality data from CMS.

Inclusion of the fertility change decreased the present value of estimated future cash flows, while the mortality change increased the present value of estimated future net cash flows. Overall, changes to these assumptions and methods caused the present value of the estimated future net cash flows to increase by $0.4 trillion.

Changes in Economic Data, Assumptions, and Methods

From the period beginning on January 1, 2019 to the period beginning on January 1, 2020

For the current valuation (beginning on January 1, 2020), there were four changes to the ultimate economic assumptions.

- The ultimate rate of price inflation (CPI-W) was lowered by 0.2 percentage point, from 2.6 percent in the prior valuation to 2.4 percent in the current valuation.
- The ultimate average real-wage differential was decreased from 1.21 percentage points in the prior valuation to 1.14 percentage points in the current valuation. Most of this decrease is due to the repeal of the *Affordable Care Act* (ACA) excise tax, the effect of which is accounted for in the "Changes in Law or Policy" section. However, a small portion is due to faster assumed growth in employer-sponsored group health insurance premiums separate from this repeal.
- The ultimate age-sex-adjusted unemployment rate was reduced from 5.5 percent for the prior valuation to 5.0 percent in the current valuation. At the same time, long-term labor force participation rates were reduced by age and sex for the current valuation, such that projected employment rates remained essentially unchanged from the prior valuation to the current valuation.
- The ultimate real interest rate was lowered by 0.2 percentage point, from 2.5 percent in the prior valuation to 2.3 percent in the current valuation.

The lower ultimate price inflation rate, lower ultimate real interest rate, and the portion of the lower ultimate average real-wage differential attributable to factors other than the repeal of the ACA decreased the present value of estimated future net cash flows. The combination of the lower ultimate unemployment rate and the lower long-term labor force participation rates had a negligible effect on the present value of estimated future net cash flows.

In addition to these changes in ultimate assumptions, the starting economic values and the way these values transition to the ultimate assumptions were changed. The most notable change was to include a 0.7 percent decrease in the estimated level of potential GDP for the fourth quarter of 2019 and thereafter. This and other smaller changes in starting values and near-term growth assumptions combined to decrease the present value of estimated future net cash flows.

There were no notable changes in economic methodology. Overall, changes to these assumptions caused the present value of the estimated future net cash flows to decrease by $1.8 trillion.

From the period beginning on January 1, 2018 to the period beginning on January 1, 2019

For the current valuation (beginning on January 1, 2019), there were four changes to the ultimate economic assumptions.

- The ultimate annual rate of change in total-economy labor productivity was lowered from 1.68 percent in the prior valuation to 1.63 percent in the current valuation, reflecting an expected slower rate of productivity growth in the long term.
- The difference between the ultimate growth rates for the Consumer Price Index for Urban Wage Earners and Clerical Workers and the GDP implicit price deflator (the "price differential"), was decreased from 0.40 percentage point in the prior valuation to 0.35 percentage point in the current valuation.
- The ultimate average real-wage differential was increased from 1.20 percentage points in the prior valuation to 1.21 percentage points in the current valuation.
- The ultimate real interest rate was lowered by 0.2 percentage point, from 2.7 percent in the prior valuation to 2.5 percent in the current valuation.

The lower ultimate annual rate of change in total-economy labor productivity and the lower ultimate real interest rate decreased the present value of estimated future net cash flows, while the smaller price differential and the higher ultimate average real-wage differential increased the present value of estimated future net cash flows.

In addition to these changes in ultimate assumptions, the starting economic values and the way these values transition to the ultimate assumptions were changed. The most notable change was to include the July 2018 revisions in historical GDP estimated by the Bureau of Economic Analysis of the Department of Commerce. This and other smaller changes in starting values and near-term growth assumptions combined to increase the present value of estimated future net cash flows.

There was one notable change in economic methodology, to incorporate more recent projections of disability prevalence in the labor force participation model. Inclusion of this new method increased the present value of estimated future net cash flows.

Overall, changes to these assumptions and methods caused the present value of the estimated future net cash flows to decrease by $1.0 trillion.

Changes in Programmatic Data and Methods

From the period beginning on January 1, 2019 to the period beginning on January 1, 2020

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2020). The most significant are identified below.

- The ultimate disability incidence rate was lowered from 5.2 per thousand exposed in the prior valuation to 5.0 in the current valuation. In addition, near-term assumed disability incidence rates, in the period of transition from recent historical values to the ultimate rates, are somewhat lower in the current valuation than in the prior valuation.
- The current valuation includes an improvement in the long-range model used for projecting the percentage of the population that has fully-insured status.
- As in the prior valuation, the current valuation uses a 10-percent sample of all newly-entitled worker beneficiaries in a recent year to project average benefit levels of retired-worker and disabled-worker beneficiaries. The sample used for the current valuation is for worker beneficiaries newly entitled in 2016, one year later than the 2015 sample used for the prior valuation.

Lowering the disability incidence rates and the updated worker newly-entitled worker sample year increased the present value of estimated future net cash flows. Updating the model for projecting the percentage of the population with fully-insured status decreased the present value of estimated cash flows. Overall, changes to these assumptions and methods caused the present value of the estimated future net cash flows to increase by $0.3 trillion.

From the period beginning on January 1, 2018 to the period beginning on January 1, 2019

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2019). The most significant are identified below.

- The ultimate disability incidence rate was lowered from 5.4 per thousand exposed in the prior valuation to 5.2 in the current valuation. In addition, recent levels of disability applications and awards are lower than expected in the prior valuation, and estimated disability incidence rates in the current valuation are assumed to increase more gradually toward the assumed ultimate level than in the prior valuation.
- As in the prior valuation, the current valuation uses a 10-percent sample of newly-entitled worker beneficiaries in 2015 to project average benefit levels of retired-worker and disabled-worker beneficiaries. For the current valuation, the model's projection of earnings for workers becoming newly entitled in future years was improved to better reflect the "dispersion" in taxable earnings levels observed from 1970 to 2010. Over this historical period, increases in taxable earnings were higher for workers with taxable earnings above the median than for workers with taxable earnings below the median.
- The current valuation includes an improvement in the method for calculating future benefit levels for those who are awarded benefits more than two years after their date of initial benefit entitlement. This improvement mainly affects DI benefit levels.
- The current valuation updated two sets of benefit adjustment factors based on new programmatic data: the post-entitlement adjustment factors and the Windfall Elimination Provision (WEP) factors. Post-entitlement factors account for changes in aggregate benefit levels after beneficiaries start receiving their benefits. WEP factors account for the fact that fewer beneficiaries will have benefits reduced for a noncovered work pension in the future.

Lowering the ultimate disability incidence rate and inclusion of recent disability data, reflecting earnings dispersion, and the change to benefit levels for those awarded more than two years after entitlement increased the present value of estimated future net cash flows. Updating the post-entitlement and WEP data decreased the present value of estimated cash flows. Overall, changes to these assumptions and methods caused the present value of the estimated future net cash flows to increase by $0.5 trillion.

Changes in Law or Policy

From the period beginning on January 1, 2019 to the period beginning on January 1, 2020

Between the prior valuation (the period beginning on January 1, 2019) and the current valuation (the period beginning on January 1, 2020), one new law and one new regulation are expected to have significant effects on the long-range cost of the OASDI program.

- The ACA was enacted in 2010, and specified an excise tax on employer-sponsored group health insurance premiums above a given level (commonly referred to as the "Cadillac" tax). On December 20, 2019, the ACA's excise tax provision was repealed. The repeal of the excise tax is expected to result in an increase in the rate of growth in the average cost of employer-sponsored group health insurance. Faster growth in these premiums, which are not subject to the payroll tax, is assumed to reduce the share of employee compensation that is provided in the form of wages, which are subject to the payroll tax. As a result, the rate of growth in average real covered earnings will be reduced relative to the prior valuation.
- On February 25, 2020, SSA published a final rule in the *Federal Register* that eliminates the inability to communicate in English as an educational category in the disability determination and medical review processes. This rule is estimated to reduce the number of disabled worker beneficiaries in the long-term by 0.25 percent.

The repeal of the ACA excise tax provision decreased the present value of estimated future cash flows. The implementation of the rule eliminating the inability to communicate in English as an educational category in the disability determination and medical review processes increased the present value of estimate future cash flows. Overall, changes to laws, regulations, and policies caused the present value of the estimated future net cash flows to decrease by $0.3 trillion.

From the period beginning on January 1, 2018 to the period beginning on January 1, 2019

Between the prior valuation (the period beginning on January 1, 2018) and the current valuation (the period beginning on January 1, 2019), there were no new laws, regulations, or policies that were expected to have significant effects on the long-range cost of the OASDI program. However, the current valuation does incorporate one notable policy change with small effects on the present value of estimated cash flows. We started running the Disability Redesign Prototype model in 10 states in 1999. Among other features, the prototype model eliminated the reconsideration step in the disability appeals process. In 2019, we began reinstating the reconsideration step in these states, which will make the disability appeal process uniform nationwide. This reinstatement is expected to decrease disability incidence rates very slightly beginning in 2020. The reinstatement of the reconsideration step in the disability appeals process in the 10 states that had previously eliminated the step increased the present value of estimated future net cash flows by $0.02 trillion.

ASSUMPTIONS USED FOR THE STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS

The present values included in the Statements of Changes in Social Insurance Amounts are for the current and prior years and are based on various economic and demographic assumptions used for the intermediate assumptions in the Trustees Reports for those years. Table 1 summarizes these assumptions for the current year. Our Agency Financial Report website (www.ssa.gov/finance) provides tabulated assumptions for the prior year in a similar manner.

PERIOD BEGINNING ON JANUARY 1, 2019 AND ENDING JANUARY 1, 2020

Present values as of January 1, 2019 are calculated using interest rates from the intermediate assumptions of the 2019 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2020. Estimates of the present value of changes in social insurance amounts due to changing the valuation period and changing demographic data, assumptions, and methods are presented using the interest rates under the intermediate assumptions of the 2019 Trustees Report. Because interest rates are an economic estimate and all estimates in the table are incremental to the prior change, all other present values in this part of the Statement are calculated using the interest rates under the intermediate assumptions of the 2020 Trustees Report.

PERIOD BEGINNING ON JANUARY 1, 2018 AND ENDING JANUARY 1, 2019

Present values as of January 1, 2018 are calculated using interest rates from the intermediate assumptions of the 2018 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2019. Estimates of the present value of changes in social insurance amounts due to changing the valuation period and changing demographic data, assumptions, and methods are presented using the interest rates under the intermediate assumptions of the 2018 Trustees Report. Because interest rates are an economic estimate and all estimates in the table are incremental to the prior change, all other present values in this part of the Statement are calculated using the interest rates under the intermediate assumptions of the 2019 Trustees Report.

18. COVID-19 Activity

The CARES Act provided SSA with appropriated funds from Treasury's General Fund to cover costs related to the COVID-19 pandemic. This funding included $300 million of additional LAE authority to prevent, prepare for, and respond to the coronavirus pandemic, including to support payroll and benefit costs of all employees affected as a result of office closures, costs related to telework, phone and communication services for employees, overtime, supplies, and resources necessary for processing disability and retirement workloads and backlogs. SSA also received $38 million of additional LAE authority to cover administrative expenses related to working with the Secretary of Treasury and raising public awareness regarding economic impact payments made to qualified individuals.

SSA received a General Fund account for the purpose of receiving the appropriated funds from Treasury's General Fund and transferring the CARES Act funding to our LAE account. As a result, we reported the CARES Act activity under the LAE and Other programs on the Combined Statements of Budgetary Resources. This includes $676 million in combined total Budgetary Resources for the year ended September 30, 2020. Obligations Incurred also includes CARES Act related amounts in both the LAE and Other programs, totaling $649 million for the year ended September 30, 2020. We recorded $338 million in Other Obligations Incurred due to the transfer of authority from the General Fund Account to the LAE Trust Fund account for the year ended September 30, 2020. In addition, we have recorded $311 million in LAE Obligations Incurred for specific coronavirus related costs for the year ended September 30, 2020. Of this $311 million, $276 million was for preparing, preventing, and responding to the coronavirus pandemic, and $35 million relates to economic impact payment support. For the year ended September 30, 2020, SSA maintains $27 million in CARES Act authority to remain available for additional COVID-19 pandemic related costs in FY 2021.

In addition to the Combined Statement of Budgetary Resources, we have $287 million in Other Operating Expenses on the Consolidated Statements of Net Cost, and $42 million in Fund Balance with Treasury, and Total Assets, on the Consolidated Balance Sheets. While we have recorded Intragovernemntal Accounts Receivable, Net and Intragovermental Accounts Payable activity on the Consolidated Balance Sheets and Transfers In and Out Without Reimbursement activity on the Consolidated Statements of Changes in Net Position, these values eliminate on our consolidated statements as the activity offsets within SSA between our LAE account and our Other General Fund funding source account. After recording all of our CARES Act activity, we have $51 million in All Other Funds Cumulative Results of Operations on the Consolidated Statements of Changes in Net Position as of September 30, 2020.

For additional information, refer to Note 1, Summary of Significant Accounting Policies, Note 11, Operating Expenses, Note 19, Subsequent Events, and the Management Discussion and Analysis, Financial Impact of the Coronavirus Pandemic section.

19. Subsequent Events

Potential Impact on the Social Insurance Statements of the COVID-19 Pandemic

The World Health Organization declared COVID-19 a worldwide pandemic in March 2020. The pandemic led to an abrupt recession that continues to have substantial effects on the U.S. economy. As of the end of October 2020, there were more than 9.1 million diagnosed COVID-19 cases, over 230,000 deaths attributed to COVID-19, and severe effects on employment and earnings in the United States. The estimates presented in the Statements of Social Insurance and the Statements of Changes in Social Insurance Amounts are based on the estimates developed for the 2020 Trustees Report, which did not reflect the potential effects of the COVID-19 pandemic. The SSA Office of the Chief Actuary has concluded that the COVID-19 pandemic is causing a significant deviation from the actuarial assumptions used in developing the estimates presented in the Statements of Social Insurance and the Statements of Changes in Social Insurance Amounts. The affected assumptions include not only the direct mortality-related effects of the pandemic, but also other factors related to demographics, economics, and disability. At this time, with the current available information, we expect that reflecting the COVID-19 pandemic and its ensuing effects would decrease (that is, make more negative) the present value of future noninterest income less future cost for current and future participants (open group measure) presented in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts by about $550 billion. We consider these effects to be material. We note that more than one-half of the change in this present value measure is due to the assumption of lower near-term real interest rates because of the pandemic.

20. Reclassification of the Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for the Federal Financial Report Compilation Process

To prepare the *Financial Report of the U.S. Government* (FR), Treasury requires agencies to submit in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) an adjusted trial balance, which lists the amounts by U.S. Standard General Ledger accounts that appear in the agency financial statements. Treasury uses the trial balance reported in GTAS to develop a reclassified Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for each agency. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to compile to the FR statements. This note shows the Balance Sheet, Statement of Net Cost, and Statement of Net Position line items and the reclassified statement line items prior to Treasury's elimination of intragovernmental differences and aggregation of FR lines. The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments. A copy of the FY 2019 FR is available on Treasury's website (www.fiscal.treasury.gov/reports-statements/financial-report/) and a copy of the FY 2020 FR will be posted to this site as soon as it is released.

SSA's FY 2020 reconciliation of agency Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position amounts to Treasury's reclassified statements is included in Charts 20a, 20b, and 20c. The Reclassified Net Position in Chart 20a includes intradepartmental eliminations processed by Treasury to present the Net Position at a consolidated level. The Net Position is presented at a combined level in Agency Financial Reports. The total Reclassified Dedicated and All Other Net Position amounts reported in Chart 20c will not tie to the total Reclassified Dedicated and All Other Net Position line amounts reported in Chart 20a due to these eliminations.

Chart 20a - Reclassification of Balance Sheet to Line Items Used for the Government-wide Balance Sheet as of September 30, 2020

(Dollars in Millions)

FY 2020 Balance Sheet		Line Items Used to Prepare FY 2020 Government-wide Balance Sheet					
Financial Statement Line	**Amount**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations between Dedicated and All Other**	**Amount**	**Reclassified Financial Statement Line**
Assets							**Assets**
Intragovernmental:							Intragovernmental:
Fund Balance with Treasury (Notes 3 and 4)	$ 7,992	$ (178)		$ 8,170		$ 7,992	Fund Balance with Treasury
Investments (Note 5)	2,908,423	2,908,423				2,908,423	Federal Investments
Interest Receivable (Note 5)	18,409	18,409				18,409	Interest Receivable - Investments
Accounts Receivable, Net (Note 6)	898			17		17	Accounts Receivable, Net
		1		2,872	(1,992)	881	Transfers Receivable
Total Accounts Receivable	898	1		2,889	(1,992)	898	Total Reclassified Accounts Receivable
Other (Note 8)	75			75		75	Advances to Others and Prepayments
Total Intragovernmental	2,935,797	2,926,655		11,134	(1,992)	2,935,797	Total Intragovernmental Assets
Accounts Receivable, Net (Notes 3 and 6)	9,500	5,457	(4)	4,489	(442)	9,500	Accounts Receivable, Net
Property, Plant, and Equipment, Net (Note 7)	3,765			3,765		3,765	General Property, Plant, and Equipment, Net
Total Assets	**$ 2,949,062**	**$ 2,932,112**	**$ (4)**	**$ 19,388**	**$ (2,434)**	**$ 2,949,062**	**Total Assets**
Liabilities (Note 9)							**Liabilities**
Intragovernmental:							Intragovernmental:
Accrued Railroad Retirement Interchange	$ 5,396	$ 5,396				$ 5,396	Transfers Payable
Accounts Payable	4,261			4,213		4,213	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets
		1,992			(1,992)	0	Transfers Payable
				48		48	Accounts Payable
Total Accounts Payable	4,261	1,992		4,261	(1,992)	4,261	Total Reclassified Accounts Payable
Other	160			118		118	Benefit Program Contributions Payable
				3		3	Advances from Others and Deferred Credits
				3		3	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets
				36		36	Other Liabilities (Without Reciprocals)
Total Other Liabilities	160			160		160	Total Reclassified Other Liabilities
Total Intragovernmental	9,817	7,388		4,421	(1,992)	9,817	Total Intragovernmental
Benefits Due and Payable	108,106	105,149	(4)	3,403	(442)	108,106	Benefits Due and Payable
Accounts Payable	331	3		328		331	Accounts Payable
Federal Employee and Veterans Benefits Payable	281			281		281	Federal Employee and Veterans Benefits Payable
Other	954			532		532	Other Liabilities
				422		422	Federal Employee and Veterans Benefits Payable
Total Other Liabilities	954			954		954	Total Reclassified Other Liabilities
Total Liabilities	119,489	112,540	(4)	9,387	(2,434)	119,489	**Total Liabilities**
Net Position							**Net Position**
Unexpended Appropriations - All Other Funds	5,048			5,048		5,048	Unexpended Appropriations - Funds Other Than Those From Dedicated Collections
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)	2,819,572	2,819,572			5,913	2,825,485	Cumulative Results of Operations - Funds From Dedicated Collections
Cumulative Results of Operations - All Other Funds	4,953			4,953	(5,913)	(960)	Cumulative Results of Operations - Funds Other Than Those From Dedicated Collections
Total Net Position	2,829,573	2,819,572	0	10,001	0	2,829,573	Total Net Position
Total Liabilities and Net Position	**$ 2,949,062**	**$ 2,932,112**	**$ (4)**	**$ 19,388**	**$ (2,434)**	**$ 2,949,062**	**Total Liabilities and Net Position**

Chart 20b - Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ended September 30, 2020

(Dollars in Millions)

FY 2020 Statement of Net Cost		Line Items Used to Prepare FY 2020 Government-wide Statement of Net Cost			
Financial Statement Line	**Amount**	**Dedicated Collections Combined**	**All Other Amounts (with Eliminations)**	**Total**	**Reclassified Financial Statement Line**
Benefit Payment Expense	$ 1,143,838				
Operating Expenses (Note 11)	14,195				
		$ 1,089,205	$ 64,398	$ 1,153,603	Non-Federal Costs
					Intragovernmental Costs
			1,343	1,343	Benefit Program Costs
			558	558	Imputed Costs
		605	1,538	2,143	Buy/Sell Costs
			155	155	Purchase of Assets
			(155)	(155)	Purchase of Assets Offset
			386	386	Other Expenses (without Reciprocals)
		605	3,825	4,430	Total Intragovernmental Costs
Total Cost	1,158,033	1,089,810	68,223	1,158,033	Total Reclassified Gross Costs
		(154)	(103)	(257)	Non-Federal Earned Revenue
			(38)	(38)	Intragovernmental Buy/Sell Revenue (Exchange)
Less: Exchange Revenues (Note 12)	(295)	(154)	(141)	(295)	Total Reclassified Earned Revenue
Total Net Cost	**$ 1,157,738**	**$ 1,089,656**	**$ 68,082**	**$ 1,157,738**	**Net Cost**

Chart 20c - Reclassification of Statement of Changes in Net Position to Line Items Used for the Government-wide Statement of Changes in Net Position for the Year Ended September 30, 2020

(Dollars in Millions)

FY 2020 Statement of Changes in Net Position		Line Items Used to Prepare FY 2020 Government-wide Statement of Changes in Net Position					
Financial Statement Line	Amount	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Amount	Reclassified Financial Statement Line
Unexpended Appropriations:							**Unexpended Appropriations:**
Beginning Balances	$ 4,416			$ 4,416		$ 4,416	Net position, Beginning of Period
Budgetary Financing Sources							**Budgetary Financing Sources**
Appropriations Received	101,390	39,581		61,809		101,390	Appropriations Received as Adjusted (Rescissions and Other Adjustments)
Other Adjustments	(16)			(16)		(16)	Appropriations Received as Adjusted (Rescissions and Other Adjustments)
Appropriations Used	(100,742)	(39,581)		(61,161)		(100,742)	Appropriations Used
Total Budgetary Financing Sources	632	-	-	632	-	632	**Total Budgetary Financing Sources**
Total Unexpended Appropriations	5,048			5,048		5,048	**Total Unexpended Appropriations**
Cumulative Results of Operations:							**Cumulative Results of Operations:**
Beginning Balances	$ 2,822,578	$ 2,818,817		$ 3,761		$ 2,822,578	Net position, Beginning of Period
Budgetary Financing Sources							**Budgetary Financing Sources**
Appropriations Used	100,742	39,581		61,161		100,742	Appropriations Expended
							Intragovernmental Non-Exchange Revenues
Tax Revenues (Note 13)	984,562	984,562				984,562	Other Taxes and Receipts
Interest Revenues	77,413	77,413				77,413	Federal Securities Interest Revenue Including Associated Gains and Losses (Non-Exchange)
Other Budgetary Financing Sources	2	2				2	Collections Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange
	1,061,977	1,061,977	-	-	-	1,061,977	**Total Intragovernmental Non-Exchange Revenue**
							Transfers-In and Out Without Reimbursement
				130	(130)	-	Appropriation of Unavailable Special or Trust Fund Receipts Transfers-In
		(130)			130	-	Appropriation of Unavailable Special or Trust Fund Receipts Transfers-Out
		1,087,010	(1,087,010)			-	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		(1,087,010)	1,087,010			-	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
Transfers-In/Out - Without Reimbursement	2,581	39,601	(39,581)	8,383	(5,823)	2,580	Expenditure Transfers-In of Financing Sources
				1		1	Expenditure Transfers-Out of Financing Sources
Total Transfers-In/Out - Without Reimbursement	2,581	39,471	(39,581)	8,514	(5,823)	2,581	**Total Reclassified Transfers-In/Out Without Reimbursement**
Railroad Retirement Interchange	(5,332)	(50,717)	39,581	(19)	5,823	(5,332)	Expenditure Transfers-Out of Financing Sources
							Non-Federal Non-Exchange Revenues
Other Budgetary Financing Sources	99	99				99	Other Taxes and Receipts
Other Financing Sources (Non-Exchange)							
Imputed Financing Sources (Note 14)	558			558		558	Imputed Financing Sources
							Intragovernmental Other Financing Sources
Other	(940)			(2,740)		(2,740)	Non-entity collections transferred to the General Fund of the U.S. Government
				1,800		1,800	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government
Total Other	(940)	-	-	(940)	-	(940)	**Total Reclassified Intragovernmental Other Financing Sources**
Total Financing Sources	1,159,685	1,090,411	-	69,274	-	1,159,685	**Total Financing Sources**
Net Cost of Operations	1,157,738	1,089,656		68,082		1,157,738	**Net Cost of Operations**
Net Change	1,947	755	-	1,192	-	1,947	**Net Change**
Cumulative Results of Operations	$ 2,824,525	$ 2,819,572	$ -	$ 4,953	$ -	$ 2,824,525	**Reclassified Cumulative Results of Operations**
Net Position	$ 2,829,573	$ 2,819,572	$ -	$ 10,001	$ -	$ 2,829,573	**Total Reclassified Net Position**

Other Information: Balance Sheet by Major Program as of September 30, 2020
(Dollars in Millions)

Assets	OASI	DI	SSI	Other	LAE	Intra-Agency Eliminations	Consolidated
Intragovernmental:							
Fund Balance with Treasury	$ (32)	$ (146)	$ 8,057	$ 130	$ (17)	$ 0	$ 7,992
Investments	2,811,213	97,210	0	0	0	0	2,908,423
Interest Receivable	17,744	665	0	0	0	0	18,409
Accounts Receivable, Net	1	0	0	0	4,431	(3,534)	898
Other	0	0	27	0	48	0	75
Total Intragovernmental	2,828,926	97,729	8,084	130	4,462	(3,534)	2,935,797
Accounts Receivable, Net	2,138	3,319	4,439	0	50	(446)	9,500
Property, Plant, and Equipment, Net	0	0	0	0	3,765	0	3,765
Total Assets	$ 2,831,064	$ 101,048	$ 12,523	$ 130	$ 8,277	$ (3,980)	$ 2,949,062
Liabilities							
Intragovernmental:							
Accrued Railroad Retirement Interchange	$ 5,241	$ 155	$ 0	$ 0	$ 0	$ 0	$ 5,396
Accounts Payable	1,085	907	5,697	58	48	(3,534)	4,261
Other	0	0	0	3	157	0	160
Total Intragovernmental	6,326	1,062	5,697	61	205	(3,534)	9,817
Benefits Due and Payable	83,717	21,432	3,403	0	0	(446)	108,106
Accounts Payable	0	3	227	0	101	0	331
Federal Employee and Veteran Benefits	0	0	0	0	281	0	281
Other	0	0	248	1	705	0	954
Total Liabilities	90,043	22,497	9,575	62	1,292	(3,980)	119,489
Contingencies (Note 9)							
Net Position							
Unexpended Appropriations - All Other Funds	0	0	4,976	68	4	0	5,048
Cumulative Results of Operations - Funds from Dedicated Collections	2,741,021	78,551	0	0	0	0	2,819,572
Cumulative Results of Operations - All Other Funds	0	0	(2,028)	0	6,981	0	4,953
Total Net Position - Funds from Dedicated Collections	2,741,021	78,551	0	0	0	0	2,819,572
Total Net Position - All Other Funds	0	0	2,948	68	6,985	0	10,001
Total Net Position	2,741,021	78,551	2,948	68	6,985	0	2,829,573
Total Liabilities and Net Position	$ 2,831,064	$ 101,048	$ 12,523	$ 130	$ 8,277	$ (3,980)	$ 2,949,062

Other Information: Schedule of Net Cost for the Year Ended September 30, 2020

(Dollars in Millions)

	Program	LAE	Total
OASI Program			
Benefit Payment Expense	$ 944,494	$ 0	$ 944,494
Operating Expenses	528	3,204	3,732
Total Cost of OASI Program	945,022	3,204	948,226
Less: Exchange Revenues	(1)	(12)	(13)
Net Cost of OASI Program	945,021	3,192	948,213
DI Program			
Benefit Payment Expense	144,506	0	144,506
Operating Expenses	282	2,552	2,834
Total Cost of DI Program	144,788	2,552	147,340
Less: Exchange Revenues	(23)	(9)	(32)
Net Cost of DI Program	144,765	2,543	147,308
SSI Program			
Benefit Payment Expense	54,837	0	54,837
Operating Expenses	238	4,507	4,745
Total Cost of SSI Program	55,075	4,507	59,582
Less: Exchange Revenues	(225)	(16)	(241)
Net Cost of SSI Program	54,850	4,491	59,341
Other			
Benefit Payment Expense	1	0	1
Operating Expenses	0	2,884	2,884
Total Cost of Other	1	2,884	2,885
Less: Exchange Revenues	0	(9)	(9)
Net Cost of Other Program	1	2,875	2,876
Total Net Cost			
Benefit Payment Expense	1,143,838	0	1,143,838
Operating Expenses	1,048	13,147	14,195
Total Cost	1,144,886	13,147	1,158,033
Less: Exchange Revenues	(249)	(46)	(295)
Total Net Cost	$ 1,144,637	$ 13,101	$ 1,157,738

Other Information: Schedule of Changes in Net Position for the Year Ended September 30, 2020

(Dollars in Millions)

	OASI	DI	SSI		Other	
	Funds from Dedicated Collections	Funds from Dedicated Collections	Funds from Dedicated Collections	All Other Funds	Funds from Dedicated Collections	All Other Funds
Unexpended Appropriations:						
Beginning Balances	$ 0	$ 0	$ 0	$ 4,339	$ 0	$ 72
Budgetary Financing Sources						
Appropriations Received	0	0	0	61,416	39,581	363
Other Adjustments	0	0	0	(3)	0	(12)
Appropriations Used	0	0	0	(60,776)	(39,581)	(355)
Total Budgetary Financing Sources	0	0	0	637	0	(4)
Total Unexpended Appropriations	0	0	0	4,976	0	68
Cumulative Results of Operations:						
Beginning Balances	$ 2,740,248	$ 78,569	$ 0	$ (2,494)	$ 0	$ 0
Budgetary Financing Sources						
Appropriations Used	0	0	0	60,776	39,581	355
Tax Revenues	841,664	142,898	0	0	0	0
Interest Revenues	74,638	2,775	0	0	0	0
Transfers In/Out - Without Reimbursement	34,614	(817)	(130)	(4,407)	(39,581)	(354)
Railroad Retirement Interchange	(5,146)	(186)	0	0	0	0
Other Budgetary Financing Sources	24	77	0	0	0	0
Other Financing Sources (Non-Exchange)						
Transfers-In/Out - Without Reimbursement	0	0	0	(2,645)	0	2,645
Imputed Financing Sources	0	0	0	17	0	0
Other	0	0	0	1,705	0	(2,645)
Total Financing Sources	945,794	144,747	(130)	55,446	0	1
Net Cost of Operations	945,021	144,765	(130)	54,980	0	1
Net Change	773	(18)	0	466	0	0
Cumulative Results of Operations	$ 2,741,021	$ 78,551	$ 0	$ (2,028)	$ 0	$ 0
Net Position	$ 2,741,021	$ 78,551	$ 0	$ 2,948	$ 0	$ 68

Other Information: Schedule of Changes in Net Position for the Year Ended September 30, 2020 (Continued)

(Dollars in Millions)

	LAE	Consolidated		Consolidated
	All Other Funds	Funds from Dedicated Collections	All Other Funds	**Total**
Unexpended Appropriations:				
Beginning Balances	$ 5	$ 0	$ 4,416	$ 4,416
Budgetary Financing Sources				
Appropriations Received	30	39,581	61,809	101,390
Other Adjustments	(1)	0	(16)	(16)
Appropriations Used	(30)	(39,581)	(61,161)	(100,742)
Total Budgetary Financing Sources	(1)	0	632	632
Total Unexpended Appropriations	4	0	5,048	5,048
Cumulative Results of Operations:				
Beginning Balances	$ 6,255	$ 2,818,817	$ 3,761	$ 2,822,578
Budgetary Financing Sources				
Appropriations Used	30	39,581	61,161	100,742
Tax Revenues	0	984,562	0	984,562
Interest Revenues	0	77,413	0	77,413
Transfers In/Out Without Reimbursement	13,256	(5,914)	8,495	2,581
Railroad Retirement Interchange	0	(5,332)	0	(5,332)
Other Budgetary Financing Sources	0	101	0	101
Other Financing Sources (Non-Exchange)				
Transfers-In/Out	0	0	0	0
Imputed Financing Sources	541	0	558	558
Other	0	0	(940)	(940)
Total Financing Sources	13,827	1,090,411	69,274	1,159,685
Net Cost of Operations	13,101	1,089,656	68,082	1,157,738
Net Change	726	755	1,192	1,947
Cumulative Results of Operations	$ 6,981	$ 2,819,572	$ 4,953	$ 2,824,525
Net Position	$ 6,985	$ 2,819,572	$ 10,001	$ 2,829,573

Required Supplementary Information: Combining Schedule of Budgetary Resources for the Year Ended September 30, 2020

(Dollars in Millions)

	OASI	DI	SSI	Other	LAE	Combined
Budgetary Resources (Note 15)						
Unobligated Balance From Prior Year Budget Authority, Net	$ 1	$ 0	$ 4,391	$ 61	$ 1,253	$ 5,706
Appropriations (Discretionary and Mandatory)	953,156	145,861	61,544	39,944	30	1,200,535
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	0	0	2,534	0	13,318	15,852
Total Budgetary Resources	$ 953,157	$ 145,861	$ 68,469	$ 40,005	$ 14,601	$ 1,222,093
Status of Budgetary Resources						
New obligations and upward adjustments						
Direct	$ 953,157	$ 145,861	$ 60,895	$ 39,937	$ 13,585	$ 1,213,435
Reimbursable	0	0	2,535	0	56	2,591
New obligations and upward adjustments (total)	953,157	145,861	63,430	39,937	13,641	1,216,026
Unobligated Balance , End of Year						
Apportioned, unexpired accounts	0	0	5,028	37	627	5,692
Unapportioned, unexpired accounts	0	0	9	0	14	23
Unexpired unobligated balance, end of year	0	0	5,037	37	641	5,715
Expired unobligated balance, end of year	0	0	2	31	319	352
Unobligated balance, end of year (total)	0	0	5,039	68	960	6,067
Total Budgetary Resources	$ 953,157	$ 145,861	$ 68,469	$ 40,005	$ 14,601	$ 1,222,093
Outlays, Net						
Outlays, Net (Discretionary and Mandatory)	$ 948,728	$ 146,834	$ 60,937	$ 39,895	$ 110	$ 1,196,504
Distributed Offsetting Receipts	(37,945)	(1,774)	(225)	(2,645)	0	(42,589)
Agency Outlays, Net (Discretionary and Mandatory)	$ 910,783	$ 145,060	$ 60,712	$ 37,250	$ 110	$ 1,153,915