



Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Overpayments with Recovery  
Agreements that Will Extend  
Beyond 2049

*A-07-19-50775 | September 2021*



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** September 28, 2021

**Refer To:** A-07-19-50775

**To:** Kilolo Kijakazi  
Acting Commissioner

**From:** Gail S. Ennis,   
Inspector General

**Subject:** Overpayments with Recovery Agreements that Will Extend Beyond 2049

The attached final report presents the results of the Office of Audit's review. The objectives were to (1) quantify the debt the Recovery of Overpayments, Accounting and Reporting system cannot track because it cannot process recovery actions beyond 2049; (2) assess the status of the Social Security Administration's efforts to resolve the issues caused by its system limitation; and (3) project the growth in the number of overpayments, amount of untracked debt, and associated costs to process this workload through 2029.

If you wish to discuss the final report, please call me or have your staff contact Michelle L. Anderson, Assistant Inspector General for Audit.

Attachment

# Overpayments with Recovery Agreements that Will Extend Beyond 2049

## A-07-19-50775



September 2021

Office of Audit Report Summary

### Objective

To (1) quantify the debt the Recovery of Overpayments, Accounting and Reporting (ROAR) system cannot track because it cannot process recovery actions beyond 2049; (2) assess the status of the Social Security Administration's (SSA) efforts to resolve the issues caused by its system limitation; and (3) project the growth in the number of overpayments, amount of untracked debt, and associated costs to process this workload through 2029.

### Background

Overpayments occur when SSA pays beneficiaries more than it should for a given period. SSA records Old-Age, Survivors and Disability Insurance overpayments and tracks recovery actions in ROAR. If a beneficiary does not fully repay the overpayment, SSA recovers the overpayment by withholding monthly benefits. Beneficiaries may request that SSA withhold less than the full monthly benefit.

Because of a system limitation, ROAR cannot process overpayment recovery actions past the year 2049. However, for some overpayments, SSA approves recovery agreements that will extend beyond 2049. For these overpayments, ROAR deletes from the record the balance SSA must recover after 2049 and retains no record of the remaining balance.

### Findings

At the end of Fiscal Year 2019, there were 100,766 overpayments that SSA may not fully recover by December 2049. The original balance of these overpayments totaled nearly \$4.2 billion, but ROAR could not account for over \$1.2 billion (30 percent).

SSA records the debt deleted from ROAR using a stand-alone manual diary control process. As a result, SSA cannot accurately account for the debt for many of these overpayments. SSA plans to resolve these issues when it implements a new debt management system. SSA is developing the new system and plans to implement it in Fiscal Year 2023.

We estimate the workload will increase by 34 percent by the end of 2023, adding more than 34,000 overpayments with almost \$414 million of new debt deleted from ROAR and nearly \$4.9 million of additional administrative costs.

If SSA does not resolve the issue by the end of 2029, we estimate the population will grow to more than 203,000 beneficiaries with nearly \$2.5 billion in untracked debt. At that time, processing the workload will require over 203,000 hours and more than \$28.7 million in administrative costs.

### Recommendation

We recommended SSA establish consistent criteria to ensure it identifies existing overpayments for which ROAR deleted a portion of the overpayment balance as part of a plan to address the untracked debt amount when it implements a solution to the ROAR system limitation. SSA agreed with our recommendation.

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## **ABBREVIATIONS**

FY	Fiscal Year
GAO	Government Accountability Office
OAI	Office of Analytics and Improvements
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
OQP	Office of Quality Performance
POMS	Program Operations Manual System
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration
U.S.C.	United States Code

## OBJECTIVE

To (1) quantify the debt the Recovery of Overpayments, Accounting and Reporting (ROAR) system cannot track because it cannot process recovery actions beyond 2049; (2) assess the status of the Social Security Administration's (SSA) efforts to resolve the issues caused by its system limitation; and (3) project the growth in the number of overpayments, amount of untracked debt, and associated costs to process this workload through 2029.

## BACKGROUND

The Old-Age, Survivors and Disability Insurance (OASDI) program provides benefits to wage earners and eligible family members in the event the wage earner retires, becomes disabled, or dies.<sup>1</sup> Overpayments occur when SSA pays beneficiaries more than it should for a given period. SSA records OASDI overpayments and tracks recovery actions in the ROAR system. According to SSA's *Agency Financial Report* for Fiscal Year (FY) 2020, SSA had approximately \$9.5 billion in net accounts receivable, which consists primarily of overpayments owed to SSA by beneficiaries to whom it paid excess benefits.<sup>2</sup>

If SSA does not waive an overpayment and a beneficiary does not fully repay, SSA recovers the overpayment by withholding monthly benefits. Beneficiaries may request a partial recovery agreement meaning SSA withholds less than the full monthly benefit amount. When SSA establishes a partial recovery agreement, policy directs employees to negotiate a rate of withholding that will recover the total debt within 12 months. If SSA cannot collect the debt within 12 months, policy directs employees to evaluate the beneficiary's income, expenses, and assets and negotiate a withholding rate that will recover the overpayment within 36 months.<sup>3</sup> Employees may approve a longer recovery period without limitation and approval or review.<sup>4</sup>

For some overpayments, after assessing the debtor's ability to repay, SSA approves recovery agreements that will extend for decades. However, because of a system limitation, ROAR cannot process overpayment recovery actions past the year 2049. Instead, ROAR calculates the amount SSA will recover through December 2049 and deletes the remaining balance from the record. Employees must manually establish diaries in the Payment Center Action Control System to account for the untracked debt. In 2049, these diaries will generate alerts for further manual action to collect the remaining untracked debt amount.

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<sup>1</sup> 42 U.S.C. §§ 402 and 423.

<sup>2</sup> SSA, *Agency Financial Report: Fiscal Year 2020*, pp. 54 and 61 (November 2020).

<sup>3</sup> SSA, *POMS*, GN 02210.030, B and C (April 19, 2019).

<sup>4</sup> SSA policy stipulates the monthly recovery amount cannot be less than \$10. SSA, *POMS*, GN 02210.030, B (April 19, 2019).

For example, in August 2013 SSA, agreed to recover \$32,541 in overpayments from a beneficiary by withholding \$25 per month. At that rate, SSA will collect \$10,925 through December 2049 and will not fully recover the overpayment for another 72 years after that. Since ROAR cannot process recovery actions past 2049, it reduced the overpayment balance to \$10,925 and deleted the remaining \$21,616. Thus, ROAR has no record of the remaining balance SSA must recover after 2049. SSA established a manual diary in the Payment Center Action Control System to record the untracked balance.

The Payment Center Action Control System does not communicate with ROAR. Thus, in addition to requiring manual action to establish the diaries, SSA also relies on employees to manually update the diaries every time a change occurs on the record that requires SSA to adjust the overpayment. For example, if the monthly repayment amount changes, an employee must update the diary to account for the change.

We obtained data from SSA's Office of Analytics and Improvements (OAI), which annually identifies overpayments for which ROAR deleted part of the balance because of the 2049 system limitation. As of the end of FY 2019, OAI had identified 100,766 overpayments for which ROAR deleted a portion of the overpayment balance because SSA had established a recovery agreement that extended beyond December 2049.

Of these, 19,027 overpayments occurred because SSA paid more in Supplemental Security Income payments than it should have.<sup>5</sup> SSA recorded these overpayments in ROAR so it could recover them via cross program recovery.<sup>6</sup> The objective of our review was to quantify the amount of debt ROAR cannot track because of its limitation; therefore, we did not review the Supplemental Security Income records.

We reviewed the population of 100,766 overpayments to determine the original balance, amount of untracked debt, and administrative costs to process the workload.<sup>7</sup> Using statistical methods, we projected growth for these metrics for each year through 2029.<sup>8</sup>

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<sup>5</sup> The Supplemental Security Income program provides financial support to people who are age 65 or older, blind, or disabled, and who have limited income and resources. SSA administers this program in addition to the OASDI program. SSA, *Fact Sheet: Supplemental Security Income* (2021).

<sup>6</sup> Cross-program recovery is a process by which SSA recovers an overpayment paid under one program from benefits paid to the same individual under another program. SSA, *POMS*, GN 02210.008 (April 25, 2013).

<sup>7</sup> We did not review beneficiary records to assess any changes after ROAR deleted a portion of the debt. In some cases, subsequent changes may have resulted in SSA restoring, waiving, or otherwise addressing some of the untracked debt.

<sup>8</sup> See Appendix A for the scope and methodology of our review.

## RESULTS OF REVIEW

The original balance of the 100,766 overpayments was approximately \$4.2 billion, of which ROAR had deleted over \$1.2 billion (30 percent) because SSA will not recover that amount by 2049. Based on SSA's estimate of at least 1 hour to manually process each overpayment, addressing this workload will require approximately 101,000 employee hours, and SSA will incur almost \$14.3 million in administrative costs, based on the average cost to recover an overpayment.<sup>9</sup>

SSA records the debt deleted from ROAR using a stand-alone manual diary control process. As a result, SSA may not accurately account for this debt for many of these overpayments. SSA plans to resolve these issues when it implements a new debt management system.

SSA is developing the new system that it plans to implement in FY 2023. We estimate the workload will increase by 34 percent by the end of FY 2023, adding more than 34,000 overpayments with almost \$414 million in new debt deleted from ROAR and nearly \$4.9 million of additional administrative costs.

Further, if SSA does not resolve the limitation that prevents ROAR from tracking the full balance of these overpayments by 2029, we estimate the population will grow to more than 203,000 beneficiaries with nearly \$2.5 billion in untracked debt.<sup>10</sup> At that time, processing the workload will require over 203,000 hours, and SSA will incur more than \$28.7 million in administrative costs.<sup>11</sup>

### **The System Does Not Track the Full Balance of Almost 101,000 Overpayments with Recovery Agreements that Will Extend Beyond 2049**

At the end of FY 2019, SSA had established recovery agreements for 100,766 overpayments that it would not fully recover by 2049. As shown in Figure 1, the population grows each year as SSA processes new recovery agreements that extend beyond 2049. In fact, the existing workload nearly tripled from 2010 to 2019.<sup>12</sup> In 2019 alone, SSA processed more than 7,500 new recovery agreements that extend beyond 2049.

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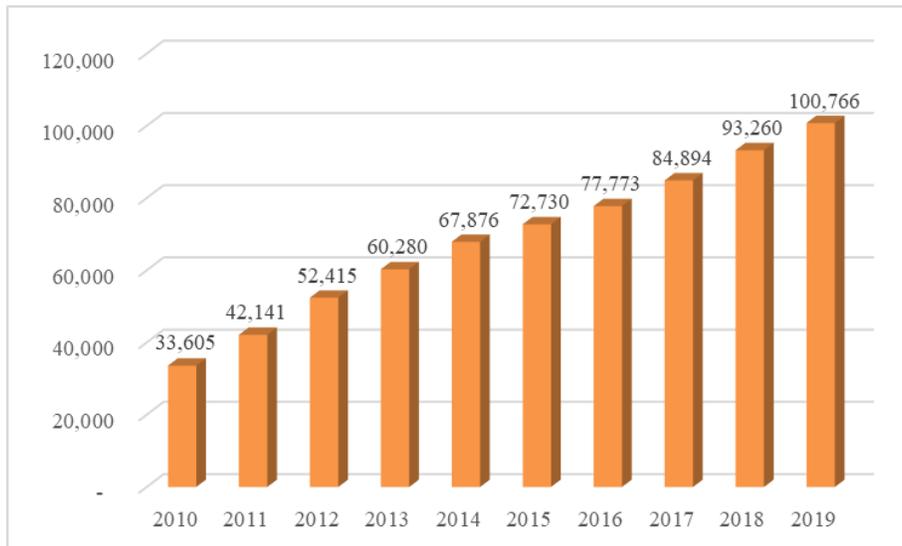
<sup>9</sup> SSA does not track the costs associated with processing 2049 recovery agreements. It does calculate the average cost to recover OASDI overpayments. At the end of FY 2019, the average cost to recover an OASDI overpayment was \$141.46.

<sup>10</sup> In some instances, recovery agreements exceed the beneficiary's life expectancy. As such, it is unlikely SSA will recover these overpayments in full.

<sup>11</sup> See Appendix B for our projection methodology and results.

<sup>12</sup> During the same period, the number of beneficiaries receiving OASDI benefits increased by 18.7 percent.

**Figure 1: Total Recovery Agreements that Extend Beyond 2049, FYs 2010 Through 2019<sup>13</sup>**



This growth occurred and will continue because SSA policy does not limit how long overpayment agreements may last, and SSA does not have controls in place to monitor or review these agreements.<sup>14</sup> Thus, employees can process recovery agreements that will last for decades without management review or approval.

## The System Deleted over \$1.2 Billion of Debt

SSA's ROAR system deleted over \$1.2 billion in overpayments because a limitation prevents it from tracking debt recovery beyond 2049. SSA has no systems controls or automated processes to monitor or track the remaining balance ROAR deletes. Instead, when employees approve recovery agreements that will extend beyond 2049, they must ". . . prepare a Payment Center Action Control System stand-alone diary to manually control the collection of the remaining overpayment balance. . . ." that SSA will not recover by 2049. An SSA internal review identified weaknesses in the manual control process that it plans to resolve when it implements the new debt management system. SSA plans to continue using the existing process until the new system is in place, which is planned for FY 2023.

In 2012, SSA's Office of Quality Performance (OQP) identified deficiencies in the manual diary control process for overpayments with recovery agreements that will extend beyond 2049. OQP reported nearly 40 percent of the overpayments did not have the required diary to control for the remaining balance. Further, OQP stated this manual diary system is "the only mechanism

<sup>13</sup> Through FY 2009, SSA established 26,237 recovery agreements that will extend beyond 2049.

<sup>14</sup> See Footnote 3.

currently in place to control for follow-up of the 2049 issue . . . .”<sup>15</sup> Thus, for these overpayments, SSA has no means to account for, or recover, the deleted debt.

As evidenced by the OQP report, SSA’s manual control process has a high error rate because it relies entirely on employees to establish the diary to record the deleted debt. However, SSA does not have sufficient oversight to ensure employees establish the diaries correctly. Accordingly, SSA cannot accurately track or collect the full overpayment amount for this workload. This issue will only worsen as 2049 approaches and the workload grows. As OQP stated in its 2012 report,

. . . the task of identifying and reviewing these records will be far more difficult with the passage of time. During [OQP’s] review, [OQP] found conducting manual reviews on current ROAR data to be challenging; by 2049 this will be compounded by ROAR data that are 40-50 years old . . . making it impossible in some cases to determine the correct 2049 dollar amount . . . without a clear plan in place, it is unknown how the agency will handle the logistics of manually reviewing and processing [tens of thousands of] corrective actions, all at approximately the same time.<sup>16</sup>

## **The Agency Has Been Developing a Solution to the System Limitation Since 2011**

SSA first acknowledged the ROAR system limitation in 2011. However, in the ensuing 10 years, SSA has not resolved the limitation that is the root cause of the problem or changed its manual control process to address known limitations and deficiencies. The following reports show SSA repeatedly indicated it was working to develop a solution to the 2049 issue.

- In 2011, a Government Accountability Office (GAO) report recommended SSA, “. . .correct the ROAR 2049 system limitation so that debt scheduled for collection after 2049 is included in the system and available for SSA management, analysis, and reporting.” SSA agreed with the recommendation and stated it was “considering solutions to address this limitation.” The report also recommended that SSA “. . . require supervisory review and approval of repayment plans which exceed SSA’s target of 36 months.” However, SSA disagreed with GAO, stating, “. . . this recommendation would not improve collect rates, and an additional approval step is unnecessary.” In response to SSA’s disagreement, GAO stated, “. . . we continue to believe supervisory review and approval of plans that exceed 36 months is needed to strengthen SSA’s controls over the process . . . .”<sup>17</sup>
- In 2012, OQP detailed the weaknesses of SSA’s manual controls and highlighted the magnitude of the issue. OQP stated, “[SSA] will eventually face the monumental task of identifying the entire universe of 2049 cases . . . performing manual reviews to determine the amount of [deleted] debt and taking appropriate resolution actions.”<sup>18</sup> OQP proposed

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<sup>15</sup> SSA, OQP, *2049 Analysis: Quantifying Untracked Debt*, p. 12 (April 2012).

<sup>16</sup> SSA, OQP, *2049 Analysis: Quantifying Untracked Debt*, p. 13 (April 2012).

<sup>17</sup> Government Accountability Office, *SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*, GAO 11-724, pp. 30 and 31 (July 2011).

<sup>18</sup> SSA, OQP, *2049 Analysis: Quantifying Untracked Debt*, p. 13 (April 2012).

SSA “. . . form a workgroup to develop a plan of action for addressing the myriad concerns arising from the 2049 limitation.”<sup>19</sup>

- In 2012, SSA acknowledged the 2049 issue in its annual Performance and Accountability Report, stating it was, “working to address the system limitation . . . .”<sup>20</sup>
- In 2015, an independent accounting firm identified significant deficiencies in SSA’s overpayment collection processes.<sup>21</sup> SSA agreed it should enhance its systems, processes, and procedures and stated it would “start planning and analysis for a new accounts receivable system,” in FY 2016. SSA further stated it planned to “. . . address the outstanding 2049 cases in Calendar Year 2016, and form a workgroup to develop a remediation plan to eliminate the problem permanently.”<sup>22</sup>
- In 2017, SSA released a corrective action plan that included a proposed permanent solution to the system limitation. SSA estimated a proposed short-term resolution would take 1 to 2 years to implement, while the new debt management system would take 5 to 7 years.<sup>23</sup> As of July 2021, SSA had not implemented either of the proposed solutions.
- In 2020, the *Agency Financial Report* included a recommendation that SSA “. . . continue working toward updated debt management systems without the technical limitations over the length of time repayment installments can be recorded.”<sup>24</sup>

As of July 2021, the Agency expected to implement its solution by the end of FY 2023. If SSA does not implement a solution by the end of 2023, we estimate the workload will have more than tripled since 2011, when SSA first acknowledged the issue in response to GAO’s recommendations.

Further, in its 2017 corrective action plan proposal, SSA noted its proposed solution to the system limitation would be prospective only, and would “[require] manual correction of [all existing] . . . 2049 overpayment situations/cases.”<sup>25</sup> Thus, even if SSA resolves the system limitation, the existing workload will remain and processing the existing cases will require a considerable investment of time and resources. SSA stated it is attempting to limit the number of manual actions required.

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<sup>19</sup> SSA, OQP, *2049 Analysis: Quantifying Untracked Debt*, p. 15 (April 2012).

<sup>20</sup> SSA, *SSA’s FY 2012 Performance and Accountability Report*, p. 204 (November 2012).

<sup>21</sup> Kearney and Company, P.C., *Repayment Plans that Extend beyond the Year 2049*, p. 2 (June 2015).

<sup>22</sup> SSA, *Response to Kearney and Co Report: Repayment Plans that Extend beyond the Year 2049*, p. 10 (February 2016).

<sup>23</sup> SSA, *SSA Corrective Action Plan Proposal: Repayment Plans that Extend beyond the Year 2049*, pp. 8 and 9 (February 2017).

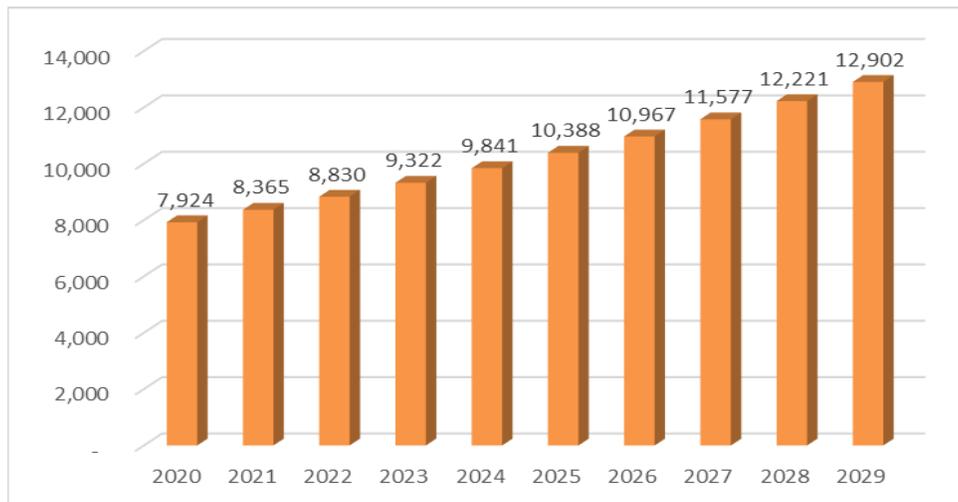
<sup>24</sup> SSA, *Agency Financial Report: Fiscal Year 2020*, p. 134 (November 2020).

<sup>25</sup> SSA, *SSA Corrective Action Plan Proposal Repayment Plans that Extend beyond the Year 2049*, p. 9 (February 2017).

## Overpayments with Untracked Debt Will Surpass 135,000, and Untracked Debt Could Reach Almost \$1.7 Billion by 2023

Until SSA resolves the system limitation, the issues we identified will continue increasing. Of the 100,766 recovery agreements that extend beyond 2049, SSA processed almost 75,000 (74 percent) in the last decade.<sup>26</sup> From 2010 through 2019, the average annual growth rate in the number of new 2049 recovery agreements was about 5.6 percent (see Appendix B, Table B-1).<sup>27</sup> At this rate, we estimate the workload will increase by more than 34,000 overpayments—surpassing 135,000 overpayments—by the end of FY 2023 when SSA plans to resolve the system limitation by implementing the new debt management system. If SSA does not resolve the issue by the end of 2029, it could add more than 102,000 overpayments to the workload, as shown in Figure 2, more than doubling the total population to over 203,000 overpayments.

**Figure 2: Estimated New Recovery Agreements that Extend Beyond 2049, FYs 2020 Through 2029**



From 2010 through 2019, the average annual growth rate for new, untracked debt was about 5.1 percent (see Appendix B, Table B-2). At this rate, ROAR would be unable to track almost \$414 million of new deleted debt by the end of 2023, in addition to the more than \$1.2 billion for which it already cannot account, for a total of nearly \$1.7 billion in untracked debt by the time SSA intends to implement the new debt management system. If SSA does not resolve the system limitation by the end of 2029, that total could increase to almost \$2.5 billion of untracked debt.

<sup>26</sup> This includes all overpayments for which ROAR deleted a portion of the balance, regardless of whether SSA was actively collecting the overpayment.

<sup>27</sup> See Footnote 12.

Our estimate assumes a flat growth rate; however, as 2049 approaches, even agreements with shorter recovery periods will exceed the system limitation date, which could accelerate the growth rate. As the independent auditor stated in SSA's 2020 *Agency Financial Report*, ". . . the impact of this issue will continue to grow as December 2049 approaches," and, as the number of overpayments increases, the amount of untracked debt also increases.<sup>28</sup>

## **Processing the Workload Could Require over 135,000 Hours and \$19.1 Million in Administrative Costs by 2023**

Identifying these overpayments and manually processing the necessary actions to restore the full overpayment amount in the new debt management system will present SSA with a significant logistical challenge, which it must address while it processes all of its other workloads. Each overpayment will require multiple manual actions to calculate and record the untracked debt ROAR previously deleted.

Based on SSA's estimated average processing time, it will need nearly 101,000 employee hours to address the existing population, and, through 2023, that could increase to more than 135,000 hours. If SSA does not resolve the issue by the end of 2029, the time required could increase to over 203,000 hours (see Appendix B, Table B-3). Not only will this place a burden on employees who must process the workload, it will impose administrative costs on SSA.

Based on SSA's average cost to recover an overpayment, it will incur nearly \$14.3 million in administrative costs to address the existing population.<sup>29</sup> Based on our projections, this total will increase to more than \$19.1 million by the end of 2023 when SSA plans to resolve the system limitation by implementing its new debt management system. If SSA does not resolve the limitation, we project this could increase to over \$28.7 million by the end of 2029, assuming all factors remain the same (see Appendix B, Table B-4).

## **Agency Components Use Different Criteria to Identify 2049 Overpayment Population**

OAI analyzes the 2049 system limitation annually to quantify the number of overpayments affected and the amount of debt deleted from ROAR. SSA uses this information to monitor and track the workload and its growth each year. SSA's Office of Business Information Systems also quantifies the effect of the 2049 system limitation in the annual *Agency Financial Report*, which Congress and the public use to assess SSA's accomplishments and financial position. The Office of Business Information Systems only identifies overpayments SSA is actively collecting, whereas OAI identifies all overpayments affected by the system limitation, even those SSA cannot actively collect, such as those for beneficiaries who no longer receive benefits. Because these two SSA components use the data for different purposes, they established different criteria to identify cases and untracked debt related to the 2049 system limitation.

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<sup>28</sup> SSA, *Agency Financial Report: Fiscal Year 2020*, p. 134 (November 2020).

<sup>29</sup> See Footnote 9

As of the end of FY 2019, the Office of Business Information Systems estimated there were 59,900 debts with payment plans that will extend beyond 2049, resulting in an estimated \$718 million of untracked debt.<sup>30</sup> However, in its annual sweep at the end of FY 2019, OAI identified 100,766 overpayments with more than \$1.2 billion of debt deleted from ROAR. We used OAI's data to fully quantify the magnitude of the 2049 system limitation and determine the amount of untracked debt deleted from ROAR. SSA must maintain complete and accurate records of the amount owed and ensure it tracks and reports debt correctly, regardless of collection status. We recommend SSA establish consistent criteria to ensure it identifies existing overpayments with recovery agreements that extend beyond 2049 as part of a plan to address the untracked debt amount in its records when it implements a solution to the ROAR system limitation.

## CONCLUSIONS

As of the end of FY 2019, there were 100,766 overpayments for which SSA processed recovery agreements that will extend beyond 2049. This resulted in its ROAR system deleting more than \$1.2 billion of debt. SSA must take steps to stop the continued growth of the workload until it resolves the system limitation. SSA must also improve its oversight of the manual control process to ensure employees correctly record the untracked debt for these cases. The current process is error-prone because SSA relies on employees manually establishing a stand-alone diary to record the untracked debt.

SSA has not implemented solutions to alleviate these issues since it first acknowledged the effect of its system limitation a decade ago. Until it resolves the system limitation, the magnitude of these issues and the burden and cost of identifying and processing the workload will continue growing. When it does resolve the system limitation, SSA must ensure it accurately identifies existing cases affected by the system limitation and takes appropriate action to address them when it implements its planned debt management system.

## RECOMMENDATION

We recommend SSA establish consistent criteria to ensure it identifies existing overpayments for which ROAR deleted a portion of the overpayment balance as part of a plan to address the untracked debt amount when it implements a solution to the ROAR system limitation.

## AGENCY COMMENTS

SSA agreed with our recommendation. See Appendix C.



Michelle L. Anderson  
Assistant Inspector General for Audit

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<sup>30</sup> SSA, *Agency Financial Report: Fiscal Year 2020*, p. 171 (November 2020).

# ***APPENDICES***

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed applicable Federal laws and sections of the Social Security Administration's (SSA) policies and procedures related to Old-Age, Survivors and Disability Insurance (OASDI) overpayment recovery.
- Obtained from SSA's Office of Analytics and Improvements a data extract of 100,766 overpayments that had a transaction to process a partial recovery agreement that would extend beyond 2049.
- For each beneficiary, determined the:
  - fiscal year in which SSA established the recovery agreement,
  - overpayment balance when SSA processed the recovery agreement,
  - amount of untracked debt deleted from ROAR, and
  - amount SSA will recover through December 2049.
- To project<sup>1</sup> our findings through 2029, we:
  - determined, for each fiscal year through 2019, the number of overpayments for which SSA-established recovery agreements that extend beyond 2049 and the total original balance and amount of untracked debt for those overpayments each year;
  - calculated the percentage change in the number of overpayments and amount of untracked debt for each year compared to the prior year;
  - calculated the average annual percentage change in the number of overpayments and amount of untracked debt from 2010 through 2019; and
  - applied the average annual percentage change in the number of overpayments and amount of untracked debt from 2010 through 2019 to estimate the number of overpayments for which SSA will establish recovery agreements that extend beyond 2049 and the amount of untracked debt associated with those overpayments each year from 2020 through 2029.
- To estimate the amount of employee time and administrative costs SSA will incur to address the existing and the estimated workloads as of 2029, we:
  - multiplied the amount of time SSA estimates it will take to process each overpayment by the number of existing overpayments for which SSA has established recovery agreements that extend beyond 2049 through Fiscal Year (FY) 2019 and the estimated number as of 2029 and

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<sup>1</sup> See Appendix B for projections.

- multiplied the average cost to recover OASDI overpayments as of the end of FY 2019 by the number of existing overpayments for which SSA established recovery agreements that extend beyond 2049 through FY 2019 and the estimated number as of 2029.
- Obtained additional information from the Master Beneficiary Record and other SSA systems, as necessary.

We conducted our review from June through October 2020 in Kansas City, Missouri. We determined the data used for this audit were sufficiently reliable to meet our objective. The principal entities audited were the Offices of Operations and Systems. We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following 5 component(s) and 11 principle(s) as significant to the audit objective.

- Component 1: Control Environment
  - Principle 3: Establish structure, responsibility, and authority
  - Principle 4: Demonstrate commitment to competence
- Component 2: Risk Assessment
  - Principle 7: Identify, analyze, and respond to risks
  - Principle 9: Identify, analyze, and respond to change
- Component 3: Control Activities
  - Principle 10: Design control activities
  - Principle 11: Design activities for the information system
  - Principle 12: Implement control activities
- Component 4: Information and Communication
  - Principle 13: Use quality information
  - Principle 14: Communicate internally
- Component 5: Monitoring
  - Principle 16: Perform monitoring activities
  - Principle 17: Remediate deficiencies

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix B – PROJECTIONS

As of the end of Fiscal Year (FY) 2019, there were 100,766 overpayments for which the Social Security Administration (SSA) had established recovery agreements that will extend beyond 2049. From 2010 through 2019, the number of new overpayments increased by about 5.6 percent each year. Using this growth rate, we estimate that, from 2020 through 2029, SSA will establish recovery agreements that will extend beyond 2049 for an additional 102,337 overpayments. Thus, we estimate the population will total 203,103 overpayments as of the end of 2029.

**Table B–1: Actual and Estimated Number of Overpayments with 2049 Recovery Agreements, FYs 2009 Through 2029**

FY	Number of Overpayments	Change from Previous Year
2009	5,663	
2010	7,368	30.1%
2011	8,536	15.9%
2012	10,274	20.4%
2013	7,865	-23.4%
2014	7,596	-3.4%
2015	4,854	-36.1%
2016	5,043	3.9%
2017	7,121	41.2%
2018	8,366	17.5%
2019	7,506	-10.3%
<b>Subtotal Through 2019<sup>1</sup></b>	<b>100,766</b>	
2020	7,924	5.6%
2021	8,365	5.6%
2022	8,830	5.6%
2023	9,322	5.6%
<b>Subtotal 2020-2023</b>	<b>34,441</b>	
2024	9,841	5.6%
2025	10,388	5.6%
2026	10,967	5.6%
2027	11,577	5.6%
2028	12,221	5.6%
2029	12,902	5.6%
<b>Subtotal 2020-2029</b>	<b>102,337</b>	
<b>Total</b>	<b>203,103</b>	

<sup>1</sup> This includes 20,574 recovery agreements established before 2009.

The debt untracked by the Recovery of Overpayments, Accounting and Reporting (ROAR) system for the beneficiaries in our population totaled \$1,240,312,343. From 2010 through 2019, the amount of untracked debt increased by an average of about 5.1 percent each year. Using this growth rate, we estimate that, from 2020 through 2029, the system will be unable to track an additional \$1,210,933,021. Thus, we estimate the population will have \$2,451,245,364 of untracked debt at of the end of 2029.

**Table B–2: Actual and Estimated New Untracked Debt  
FYs 2009 Through 2029**

<b>FY</b>	<b>New Untracked Debt</b>	<b>Change from Previous Year</b>
2009	\$75,114,281	
2010	\$97,468,597	29.8%
2011	\$115,500,610	18.5%
2012	\$134,683,530	16.6%
2013	\$96,264,418	-28.5%
2014	\$91,352,872	-5.1%
2015	\$57,164,878	-37.4%
2016	\$61,873,092	8.2%
2017	\$89,571,703	44.8%
2018	\$105,575,894	17.9%
2019	\$91,159,402	-13.7%
<b>Subtotal Through 2019<sup>2</sup></b>	<b>\$1,240,312,343</b>	
2020	\$95,811,531	5.1%
2021	\$100,701,072	5.1%
2022	\$105,840,139	5.1%
2023	\$111,241,469	5.1%
<b>Subtotal 2020-2023</b>	<b>\$413,594,211</b>	
2024	\$116,918,444	5.1%
2025	\$122,885,131	5.1%
2026	\$129,156,316	5.1%
2027	\$135,747,537	5.1%
2028	\$142,675,128	5.1%
2029	\$149,956,254	5.1%
<b>Subtotal 2020-2029</b>	<b>\$1,210,933,021</b>	
<b>Total</b>	<b>\$2,451,245,364</b>	

SSA estimated that processing 2049 recovery agreement cases takes a minimum of 1 hour. Based on this, SSA would need to commit 100,766 hours of employee time to address the

<sup>2</sup> This includes \$224,583,066 of untracked debt for recovery agreements established before 2009.

existing workload, and SSA will need to commit 203,103 hours of employee time to process the workload by the end of 2029.

**Table B-3: Estimated Processing Time  
FYs 2019 and 2029**

FY	Number of Overpayments	Estimated Processing Hours per Overpayment	Total Workload Processing Hours
2019	100,766	1	<b>100,766</b>
2023	135,207	1	<b>135,207</b>
2029	203,103 <sup>3</sup>	1	<b>203,103</b>

SSA does not track the costs associated with processing 2049 recovery agreements. However, it does calculate the average cost to recover an Old-Age, Survivors and Disability Insurance overpayment. As of the end of FY 2019, the average cost was \$141.46.<sup>4</sup> Using this metric, SSA would incur administrative costs of \$14,254,358 to process the existing workload, and, assuming administrative costs do not change, it would incur administrative costs of \$28,730,950 to process the workload by the end of 2029.

**Table B-4: Estimated Administrative Costs  
FYs 2019 Through 2029**

FY	Number of Overpayments	Cost to Recover per Overpayment	Total Workload Processing Costs
2019	100,766	\$141.46	<b>\$14,254,358.36</b>
2020	108,690	\$141.46	<b>\$15,375,287.40</b>
2021	117,055	\$141.46	<b>\$16,558,600.30</b>
2022	125,885	\$141.46	<b>\$17,807,692.10</b>
2023	135,207	\$141.46	<b>\$19,126,382.22</b>
2024	145,048	\$141.46	<b>\$20,518,490.08</b>
2025	155,436	\$141.46	<b>\$21,987,976.56</b>
2026	166,403	\$141.46	<b>\$23,539,368.38</b>
2027	177,980	\$141.46	<b>\$25,177,050.80</b>
2028	190,201	\$141.46	<b>\$26,905,833.46</b>
2029	203,103 <sup>5</sup>	\$141.46	<b>\$28,730,950.38</b>

<sup>3</sup> See Table B-1, Total.

<sup>4</sup> SSA, *Cost Analysis System SC3 Report Fiscal Year 2019 October - September*, p. 7 (October 2019)

<sup>5</sup> See Table B-1, Total.

## Appendix C – AGENCY COMMENTS

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# SOCIAL SECURITY

### MEMORANDUM

**Date:** September 14, 2021

**Refer To:** TQA-1

**To:** Gail S. Ennis  
Inspector General

A handwritten signature in black ink, appearing to read "Scott Frey".

**From:** Scott Frey  
Chief of Staff

**Subject:** Office of the Inspector General Draft Report "Overpayments with Recovery Agreements that Extend Beyond 2049" (A-07-19-50775) — INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendation.

We initiated a comprehensive multi-year information technology investment to consolidate, modernize, and streamline our debt collection processes into one system, which we expect to implement in fiscal year 2023. This new debt management product will address the 2049 system limitation and significantly improve our debt collection capabilities.

Please let me know if I can be of further assistance. You may direct staff inquiries to

Trae Sommer at (410) 965-9102.



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