Other Reporting Requirements

Summary of Financial Statement Audit and Management Assurances

Summary of Financial Statement Audit Table

Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances Table

Effectiveness of Internal Control over Financial Reporting (FMFIA Section 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA Section 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Federal Financial Management System Requirements (FMFIA Section 4)						
Statement of Assurance	Federal Systems conform to financial management system requirements					
Non-Conformances	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Non-Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act		
	Agency	**Auditor**
1. Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
2. Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
3. United States Standard General Ledger at Transaction Level	No lack of compliance noted	No lack of compliance noted

Entitlement Reviews and Office of the Inspector General Anti-Fraud Activities

We are committed to improving financial management by preventing fraudulent and improper payments (see the *Payment Integrity* report for more information). Section 206 (g) of the *Social Security Independence and Program Improvements Act*, Public Law (P.L.) 103-296 requires us to report annually on the extent to which we reviewed cases of entitlement to monthly Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) (referred to as OASDI when discussing them in combination), and Supplemental Security Income (SSI) benefits; and the extent to which the cases we reviewed were those that involved a high likelihood or probability of fraud.

Entitlement Reviews

Entitlement reviews help ensure that continued monthly payments are correct, even though fraud is not an issue in the vast majority of cases. We select cases and undertake reviews, both prior to and after effectuation of payment, to ensure that development procedures and benefit awards are correct.

Due to the coronavirus (COVID-19) pandemic, we discontinued all quality assurance samples for the third quarter of fiscal year (FY) 2020. For continuing disability reviews (CDR), we discontinued the sample for the third and fourth quarters of FY 2020. As a result, the initial and reconsideration data include only cases reviewed during the first, second, and fourth quarters of FY 2020. The CDR data include only reviews completed during the first and second quarters of FY 2020.

We conduct the following major entitlement reviews:

Disability Quality Assurance Reviews

We perform quality assurance reviews of random samples of disability determination services (DDS) determinations to measure our level of accuracy against standards mandated by the regulations. We review initial claims, requests for reconsideration, and determinations of continuing eligibility prior to the effectuation of the DDS determinations. The following table shows the quality assurance accuracy rates for FY 2016 through FY 2020.

Quality Assurance Reviews Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	97.59%	97.37%	97.35%	97.23%	96.62%
Number of cases reviewed	33,010	34,198	32,286	34,915	29,588
Number of cases returned to the DDS offices due to error or inadequate documentation	796	898	857	967	1,001

DI Pre-Effectuation Reviews

We also perform pre-effectuation reviews of favorable DI and concurrent DI/SSI initial and reconsideration determinations using a profiling system to select cases for review. This profiling system helps ensure the cost-effectiveness of pre-effectuation reviews, and it satisfies the legislative requirement that the cases we review are those that are most likely to be incorrect. We also review a sufficient number of CDR continuance determinations to ensure a high level of accuracy in those cases. The following table shows the DI pre-effectuation accuracy rates for FY 2016 through FY 2020.

DI Pre-Effectuation Reviews Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	95.75%	95.76%	95.46%	95.26%	95.23%
Number of cases reviewed	300,440	278,796	255,200	266,474	268,569
Number of cases returned to the DDS offices due to error or inadequate documentation	12,758	11,811	11,585	12,641	12,810

SSI Pre-Effectuation Reviews

Following legislation enacted in February 2006, we began pre-effectuation reviews of favorable SSI initial and reconsideration adult determinations. As in DI cases, we use a profiling system to select cases for review. The following table shows the SSI pre-effectuation accuracy rates for FY 2016 through FY 2020.

SSI Pre-Effectuation Reviews Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percent of State DDS decisions to allow not returned to the DDS offices for correction	96.89%	96.92%	96.65%	96.47%	96.07%
Number of cases reviewed	112,875	106,777	98,540	105,729	94,105
Number of cases returned to the DDS offices due to error or inadequate documentation	3,508	3,288	3,297	3,734	3,696

Continuing Disability Reviews

Periodic CDRs are a key activity in ensuring the integrity of the disability program. Through CDRs, we determine whether beneficiaries continue to be entitled to benefits because of their medical conditions. We also conduct a quality review of those decisions. The following table shows the CDR accuracy rates for FY 2016 through FY 2020.

CDR Accuracy Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Overall accuracy	97.1%	96.7%	96.9%	96.7%	96.8%
Continuance accuracy	97.8%	97.6%	98.0%	97.9%	97.6%
Cessation accuracy	94.9%	93.5%	92.9%	92.0%	93.2%

OASDI AND SSI QUALITY ASSURANCE REVIEWS

Quality assurance reviews assess the accuracy of benefit payments. The following tables show the OASDI and SSI accuracy rates for FY 2016 through FY 2019. Data for FY 2020 are not available at this time. We will report the FY 2020 data in our FY 2021 *Agency Financial Report*.

OASDI Accuracy Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Overpayment accuracy	99.79%	99.36%	99.77%	99.80%	Data not yet available
Underpayment accuracy	99.93%	99.97%	99.95%	99.95%	Data not yet available

SSI Accuracy Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Overpayment accuracy	92.38%	92.71%	91.77%	91.87%	Data not yet available
Underpayment accuracy	98.77%	98.87%	98.52%	98.72%	Data not yet available

SSI REDETERMINATIONS

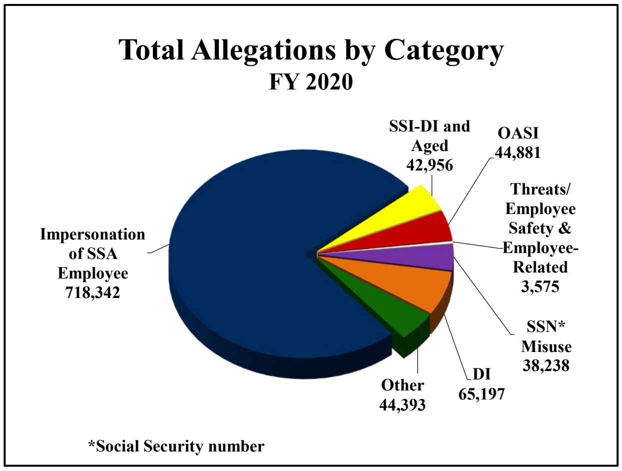
SSI redeterminations are periodic reviews of non-medical factors to ensure that a recipient is still eligible for SSI payments and that we have paid and will continue to pay the recipient the correct amount. The following table shows the number of SSI redeterminations we completed for FY 2016 through FY 2020.

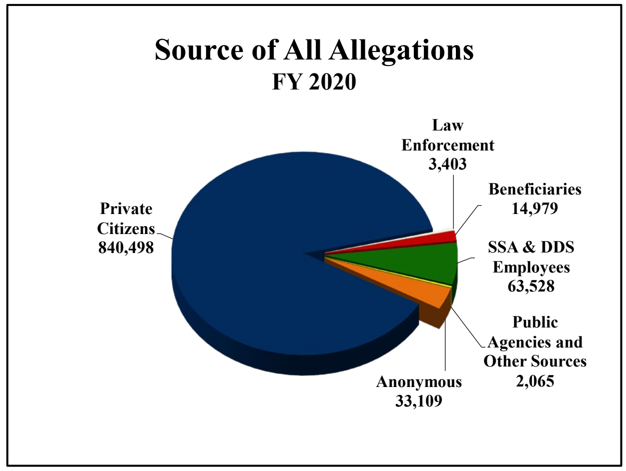
SSI Redeterminations Table
(In Millions)

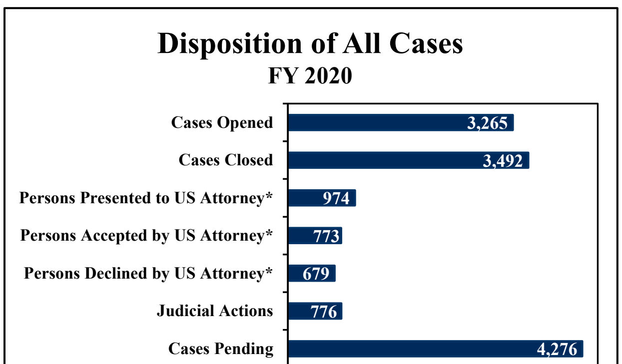
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Number of redeterminations completed	2.53	2.59	2.91	2.67	2.15

The Office of the Inspector General's Anti-Fraud Activities

In FY 2020, we worked with our Office of the Inspector General (OIG), the U.S. Department of Justice (DOJ), and other Government agencies on cases involving fraud, waste, and abuse as part of our fraud detection and prevention program for safeguarding our assets. Due in part to a widespread telephone scam involving the agency, OIG received a substantially higher volume of allegations during FY 2020. The following charts provide information from our OIG concerning fraud.







*These metrics include the total number of individual subjects or entities referred, accepted, and declined for prosecution by the DOJ where the investigative findings were not subject to pre-established prosecution declination guidelines. Additionally, these metrics are independent of one another. Therefore, persons recorded as declined or accepted during the reporting year may have been presented during a prior year. Similarly, persons presented during the reporting year may not yet have been recorded as declined or accepted.

Civil Monetary Penalty Adjustment for Inflation

The *Social Security Act* authorizes the Commissioner to impose a civil monetary penalty (CMP) for certain specific violations. Section 1129 of the *Social Security Act* authorizes a CMP against anyone who makes any material false statements or representations to the agency or knowingly withholds a material fact from the agency, to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*. A CMP may also be imposed against representative payees for the wrongful conversion of Social Security payments entrusted to their care. Section 1140 of the *Social Security Act* authorizes a CMP to protect the public from advertisements, solicitations, and other communications (including Internet websites) that may convey the false impression that we approved, endorsed, or authorized the communication. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without our authorization and places restrictions on the charging for services that we provide to the public without charge. The Commissioner delegated authority to enforce our CMP program to the Inspector General.

The *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* expanded the categories of penalties that require adjustment for inflation to include CMPs under the *Social Security Act* and requires agencies to: (1) use an interim final rulemaking to adjust the level of CMPs in 2016 with an initial "catch-up" adjustment; (2) continue to make annual adjustments in future years; and (3) report on these adjustments annually. As required, we are providing information on our current CMPs; these amounts include the initial "catch-up" and annual adjustments. We will continue to make annual adjustments in future years and report on these adjustments annually.

Civil Monetary Penalty Adjustments

Statutory Authority	Penalty	Year Enacted	Last Year of Adjustment (via statute or regulation)	Current Penalty Date of Adjustment	Current Penalty Level	Sub-Agency/ Bureau/Unit	Location for Penalty Update Details
Section 206 (b), *Social Security Independence and Program Improvements Act of 1994*, P. L. 103-296, 108 Stat. 1509	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	1994	2020	01/10/2020	$0-$8,606	SSA/OIG	85 Federal Register 1369 (January 2020); (www.federalregister.gov/documents/2020/01/10/2020-00236/notice-on-penalty-inflation-adjustments-for-civil-monetary-penalties)
Section 813 (c), *Bipartisan Budget Act of 2015*, P. L. 114-74, 129 Stat. 603	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	2015	2020	01/10/2020	$0-$8,116	SSA/OIG	85 Federal Register 1369 (January 2020); (www.federalregister.gov/documents/2020/01/10/2020-00236/notice-on-penalty-inflation-adjustments-for-civil-monetary-penalties)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(1))	1988	2020	01/10/2020	$0-$10,705	SSA/OIG	85 Federal Register 1369 (January 2020); (www.federalregister.gov/documents/2020/01/10/2020-00236/notice-on-penalty-inflation-adjustments-for-civil-monetary-penalties)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(2))	1988	2020	01/10/2020	$0-$53,524	SSA/OIG	85 Federal Register 1369 (January 2020); (www.federalregister.gov/documents/2020/01/10/2020-00236/notice-on-penalty-inflation-adjustments-for-civil-monetary-penalties)

BIENNIAL REVIEW OF USER FEE CHARGES

SUMMARY OF FEES

In FY 2019 and FY 2020, we earned $299 million and $295 million in user fees, respectively. This revenue accounted for less than one percent of our total financing sources. We derive over 72 percent of user fee revenues from agreements with 20 States and the District of Columbia to administer some or all of the States' supplemental SSI benefits. During FY 2020, we charged a fee of $12.41 per payment for the cost of administering State supplemental SSI payments. This fee will increase to $12.49 for FY 2021. We adjust the user fee annually based on the Consumer Price Index, unless the Commissioner of Social Security determines a different rate is appropriate for the States. We charge full cost for other reimbursable activity, such as earnings record requests from pension funds and individuals.

BIENNIAL REVIEW

The *Chief Financial Officers Act of 1990* requires biennial reviews by Federal agencies of agency fees and other charges imposed for services rendered to individuals as opposed to the American public in general. The objective of these reviews is to identify such activities, charge fees as permitted by law, and periodically adjust these fees to reflect current costs or market value. Based on our FY 2020 review, we identified updates to the uniform standard fee structure for non-programmatic workloads previously implemented in FY 2018. We are planning to perform another review of these fees during FY 2022.

REAL PROPERTY

In 2015, the Office of Management and Budget (OMB) issued Management Procedures Memorandum 2015-01, *Implementation of OMB Memorandum M-12-12 Section 3: Reduce the Footprint*, which calls for agencies to dispose of surplus properties, as well as make more efficient use of real property assets. This guidance requires agencies to reduce the total square footage of domestic office and warehouse inventory relative to a 2015-established baseline.

In accordance with Reduce the Footprint guidelines, we developed and implemented a *Real Property Efficiency Plan* to guide us in our efforts to comply with OMB's requirements. The majority of our portfolio is comprised of public-facing facilities providing services to the public. The remainder of the portfolio is made up of supporting office and warehouse spaces. This plan only measures our reduction goals based on designated office and warehouse facilities, excluding many of our public-facing facilities from our reporting requirements. We monitor the continuing implementation and submit to OMB the annual plan, describing the overall approach in managing our real property footprint. Information about the overall change in our real property footprint from the FY 2015 baseline for Reduce the Footprint is available on the Performance.gov website (www.performance.gov/real-property-metrics/). As of FY 2019, we have achieved a 4.1 percent usable square footage reduction from our 2015 baseline.

Our portfolio is comprised of Federal and leased spaces procured through General Services Administration (GSA) occupancy agreements; we do not own or directly lease any buildings in our inventory. Per Federal Management Regulation, Subchapter C, GSA acts as the landlord for the Federal civilian Government, and is charged with promulgating regulations governing the acquisition, use, and disposal of real property. We work closely with GSA to manage our portfolio given changing workloads and the best business case for the agency.

Grant Programs

OMB Circular No. A-136, *Financial Reporting Requirements,* requires agencies to report on Federal grant and cooperative agreement awards that have not yet been closed out and for which the period of performance, including any extensions, elapsed for more than two years. As noted in the following table, we have no such grants or cooperative agreements to report.

The agency has six grant programs monitored by Grants Management Officers (GMO). Each GMO is responsible for monitoring a workload to ensure timely grant closeouts. Although we currently do not have any expired grants that have exceeded the two-year timeframe for closeout, there are occasions when a GMO cannot immediately close a grant. In certain instances, closeout could be delayed by one year.

Grants and Cooperative Agreements Summary Table

Category	2-3 Years	3-5 Years	More than 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	Not Applicable	Not Applicable	Not Applicable
Number of Grants/Cooperative Agreements with Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable
Total Amount of Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable

Debt Collection and Management

Debt Collection

We have a robust debt collection program to recover all types of overpayments. We use internal debt collection techniques (i.e., payment withholding and billing/follow-up), as well as external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts.

In FY 2020, we recovered approximately $3.809 billion using both our internal and external collection tools. Over the last 5 years (FY 2016 through FY 2020), we have collected a total of $18.994 billion. The following tables provide a description of each of our internal and external debt collection techniques for OASDI and SSI overpayments, and a summary of the results.

Internal Collections

We utilize internal collection tools to recover payments of delinquent debt for individuals **in current pay**. In FY 2020, we recovered $3.533 billion using our internal collection tools, which accounted for about 93 percent of our total collections amount. Over the last 5 years (FY 2016 through FY 2020), we have collected a total of $17.848 billion using our internal collection tools.

Due to the COVID-19 pandemic, we deferred certain workloads and the resulting overpayment debt collections to protect beneficiaries' income and healthcare coverage. During FY 2020, we temporarily reprioritized certain manual workloads to stop actions that could have, under normal circumstances, resulted in a reduction, suspension, or termination of benefits payments under our OASI, DI, and SSI programs. We also accommodated individuals' requests to suspend recovering existing overpayments from their benefits, which resulted in fewer debt collections in FY 2020.

The following table provides a description of each of our internal debt collection techniques for OASDI and SSI overpayments, and a summary of the results.

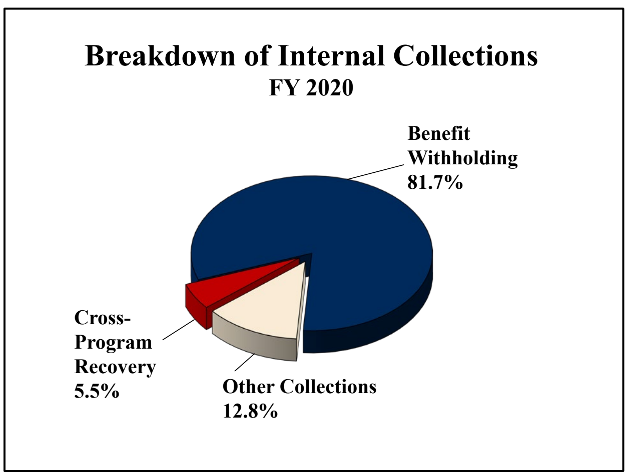
Internal Collections During Fiscal Year 2020
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total
Benefit Withholding	We withhold some or all benefit payments for Title II beneficiaries and Title XVI recipients in current pay. Benefit withholding typically accounts for the largest recovery of our total collections amount.	$1.997	$0.889	$2.886
Cross-Program Recovery (CPR)	CPR collects OASDI overpayments from monthly SSI payments and underpayments, and SSI overpayments from monthly OASDI benefit payments and underpayments.	$0.023	$0.173	$0.196
Other Collections	These are mostly voluntary payments received because of a notice requesting a refund of an overpayment.	$0.229	$0.223	$0.451
Total Internal Collections	The total amount recovered by utilizing our internal collection tools.	$2.249	$1.284	$3.533

Notes:

1. Totals do not necessarily equal the sum of rounded components.

The following chart highlights the allocation of overpayments collected through our various internal collection tools as a proportion of the total FY 2020 $3.533 billion internal collections amount.



External Collections

We utilize external collection tools to recover payments of delinquent debt for beneficiaries and recipients **no longer in current pay**. In FY 2020, we recovered $276.412 million using our external collection tools, which accounted for about 7 percent of our total collections amount. Over the last 5 years (FY 2016 through FY 2020), we have collected a total of $1.170 billion using our external collection tools.

Due to the COVID-19 pandemic, in March 2020, we requested and received approval to suspend using the Treasury Offset Program (TOP). We requested the Department of the Treasury (Treasury) to pause TOP to recover delinquent debts we previously referred to Treasury for collection, and suspended our referral of delinquent debts to TOP. In addition, we suspended new Administrative Wage Garnishment (AWG) orders. Changes to our external recovery methods resulted in fewer debt collections.

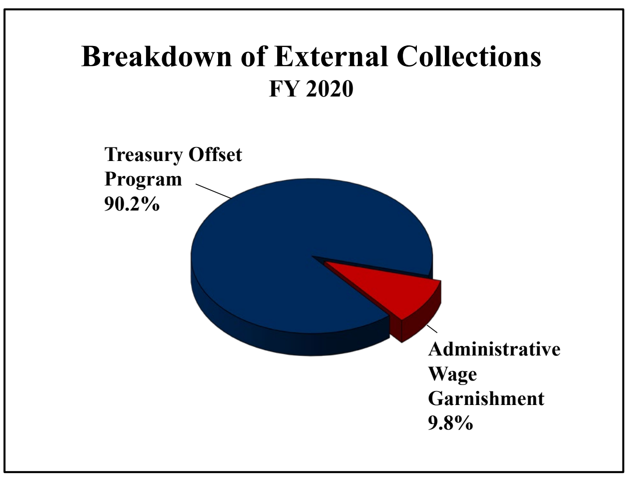
The following table provides a description of each of our external debt collection techniques for OASDI and SSI overpayments, and a summary of the results.

External Collections During Fiscal Year 2020
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total
TOP	TOP allows us to collect delinquent debt by tax refund offset, administrative offset, and Federal salary offset.	$0.151	$0.098	$0.249
AWG	AWG allows us to recover delinquent OASDI and SSI overpayments by ordering a debtor's employer to garnish up to 15 percent of the debtor's private-sector disposable pay (i.e., that part of a worker's total compensation after deduction of health insurance premiums and required deductions).	$0.020	$0.007	$0.027
Total External Collections	The total amount recovered by utilizing our external collection tools.	$0.171	$0.105	$0.276

Notes:
1. Totals do not necessarily equal the sum of rounded components.
2. For information on administrative overpayment collections, please refer to the Recapture of Improper Payments Reporting section of the *Payment Integrity* report.
3. We use credit bureau reporting, non-entitled debtors, and automatic netting SSI as external collection tools. Collections derived from these recovery methods are subsets of the main recovery methods displayed in the table above. However, we track these collections for informational and decision-making purposes.

The following chart highlights the allocation of overpayments collected through our various external collection tools as a proportion of the total FY 2020 $276.412 million external collections amount.



DEBT MANAGEMENT

The following two tables provide information on our debt management activities. We calculated the data shown in the tables by using accounts receivable amounts taken directly from the financial statements. We provide notes on activity that affected the change in accounts receivable activity between FY 2019 and FY 2020. We provide definitions of certain line items immediately following the Debt Management Activities Program and Administrative Table. For more information on our effort to curb overpayments, please refer to the *Payment Integrity* report immediately following this section.

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. GAO noted this limitation in the July 2011 audit report entitled, "*Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*." When we detect overpayments, we often find that disabled beneficiaries lack the means to repay us immediately. In many of these cases, we establish long-term repayment plans and withhold a portion of individuals' monthly benefits. We often withhold minimal amounts to avoid imposing undue hardships, and some repayment plans extend beyond the year 2049. We recognize that a portion of this debt will prove uncollectible because some plans exceed beneficiaries' expected lifetimes. We estimate that approximately 59,900 debts are affected by payment plans extending beyond the year 2049. We estimate the total gross value of the post year 2049 receivable amounts is approximately $718 million. This amount is not material to the consolidated financial statements. The 2049 data limitation in our debt management systems will no longer exist with the implementation of the new Debt Management System in FY 2022.

The following tables do not include the amounts related to post year 2049 debt. Therefore, the Total New Receivables and Total Write-offs are understated. We are working to address the system limitation; however, the accounts receivable balance reported on the financial statements are presented fairly in all material respects.

FY 2020 Quarterly Debt Management Activities
Program and Administrative Table
(Dollars in Millions)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Total receivables	$25,972	$26,078	$25,609	$24,398
New receivables	1,631	3,305	4,208	6,332
Total collections	(1,053)	(2,172)	(3,036)	(4,100)
Adjustments	(274)	(537)	(899)	(1,129)
Total write-offs	(166)	(352)	(498)	(2,539)
- Waivers	(75)	(158)	(213)	(260)
- Terminations	(91)	(194)	(285)	(2,279)
Aging schedule of debts:				
- Non delinquent debt	13,888	14,134	13,525	14,263
- Delinquent debt				
- 120 days or less	1,970	1,684	1,404	957
- 121 days to 10 years	8,847	8,961	9,320	7,789
- Over 10 years	1,267	1,299	1,360	1,389
- Total delinquent debt	$12,084	$11,944	$12,084	$10,135

Debt Management Activities
Program and Administrative Table
(Dollars in Millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total receivables	$21,014	$22,644	$24,484	$25,834	$24,398
New receivables	6,420	7,602	7,943	7,899	6,332
Total collections	(3,604)	(3,888)	(3,992)	(4,215)	(4,100)
Adjustments	(536)	(1,297)	(1,333)	(1,431)	(1,129)
Total write-offs	(627)	(787)	(778)	(903)	(2,539)
- Waivers	(275)	(339)	(329)	(390)	(260)
- Terminations	(352)	(448)	(449)	(513)	(2,279)
Non delinquent debt	12,984	13,628	14,272	14,445	14,263
Total delinquent debt	$8,030	$9,016	$10,212	$11,389	$10,135
Percentage Analysis					
% of outstanding debt:					
- Non delinquent	61.8%	60.2%	58.3%	55.9%	58.5%
- Delinquent	38.2%	39.8%	41.7%	44.1%	41.5%
% of debt estimated to be uncollectible	42.7%	42.6%	43.5%	45.7%	59.2%
% of debt collected	17.2%	17.2%	16.3%	16.3%	16.8%
% change in collections from prior fiscal year	-2.4%	7.9%	2.7%	5.6%	-2.7%
% change in delinquencies from prior fiscal year	12.3%	12.3%	13.3%	11.5%	-11.0%
Clearances as a % of total receivables	20.1%	20.6%	19.5%	19.8%	27.2%
- Collections as a % of clearances	85.2%	83.2%	83.7%	82.4%	61.8%
- Write-offs as a % of clearances	14.8%	16.8%	16.3%	17.6%	38.2%
Other Analysis					
Cost to collect $1	$0.07	$0.07	$0.07	$0.06	$0.06
Average number of months to clear receivables:					
- OASI	17	15	16	16	16
- DI	55	44	45	45	68
- SSI	42	43	43	49	66

Notes:

1. New Receivables – During FY 2020, as a result of the COVID-19 pandemic, the agency deferred certain overpayment debt activities (i.e., issuing new debt), which has resulted in lower new debt in FY 2020 than in FY 2019.
2. Total Write-offs/Terminations – During FY 2020, we re-evaluated our program debt portfolio, specifically delinquent and uncollectible debt that we were pursuing. We found that we were pursuing debt that was largely uncollectible, thereby inefficiently using our processing centers' limited resources. In FY 2020, we targeted a portion of our OASI and DI debt that we determined to be uncollectible, and wrote-off (terminated collection activity on) $1,899 million of accounts receivable. By terminating collection activity on uncollectible debt, we will better reflect current receivables on our financial statements as well as reduce the number of actions from the processing center pending backlog. We are 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 OASI and DI debt. Please note that any debt terminated is still eligible for collection in the future. (See Termination definition below).
3. Percentage of Debt Estimated to be Uncollected - During FY 2020, we evaluated and modified our allowance for doubtful accounts methodology. Our new methodology allows for all delinquent debt two years or older at 100 percent. For remaining debt that is not

delinquent two years or more, we apply our uncollectible ratios, consistent with previous years. We add the fully allowed delinquent debt two years and older value to the calculated uncollectible value on the remaining debt to calculate the total allowance for doubtful accounts.

4. Average Number of Months to Clear Receivables – The changes to our accounts receivable activity in FY 2020 have affected the average number of months to clear debt.
5. Refer to Note 1, Summary of Signification Accounting Policies, and Note 6, Accounts Receivable, Net, in the Financial Statements and Additional Information section for more information.

Definitions:

1. Adjustments – Program debt adjustments represent: (a) written-off debts, by way of terminations, that we reinstate for collections; (b) changes in debts when we update debtor accounts with new information; and (c) minor differences between reports containing debt information that we use to maintain an ending accounts receivable balance.
2. Waivers – Waivers represent the amount of overpayments forgiven because the overpaid person: (a) is without fault in causing the debt; and (b) recovery would either defeat the purpose of the act or be against equity and good conscience. Waivers permanently remove debts from our accounts receivable balance, which precludes any further collection efforts.
3. Terminations – Terminations represent our decision to cease our own efforts to collect a debt because: (a) the debtor will not repay the debt or alleges they cannot pay the debt; (b) we cannot locate the debtor after diligent search; or (c) the debt is at least two years delinquent. Even though we terminate internal active collection, we may still use external collection efforts such as the TOP and AWG. If the debtor becomes entitled to OASDI benefits or eligible for SSI payments, we reinstate the debt and resume recovery through benefit/payment withholding.
4. Delinquent Debt – A debt is delinquent when no voluntary payment has been made 30 days after the latest of the following: (a) the date we establish an OASDI debt; (b) the date of the initial overpayment notice for a SSI debt; (c) the date of the last voluntary payment; (d) the date of an installment or periodic payment arrangement (if we do not receive a payment); and (e) the date we decide a debtor remains responsible for a debt, in response to a due process action by the debtor.