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September 30, 2021

The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate

SOCIAL SECURITY AND MEDICARE: Improving the Timeliness of Trust Fund Reports

Boards of trustees manage the trust funds that provide funding for benefits paid under the Social Security and Medicare programs.¹ The Social Security Act requires the trustees to report on the trust funds' financial status to Congress each year by April 1.² In 2019, we reported that the trustees had issued the reports after this statutory deadline in 17 of the 25 years from 1995 to 2019 and were more than 2 months late in 6 years from 2010 to 2019.³ Our report recommended two actions to the Secretary of the Treasury, in the secretary's capacity as the chairperson of the boards. The first recommendation was that Treasury, work with the other trustees, in consultation with the chief actuaries of the Social Security Administration and Centers for Medicare & Medicaid Services, to improve the management of the report development schedule in order to provide the Trustees reports to Congress by the April 1 statutory deadline. The second was that Treasury work with the other trustees to establish a policy to inform congressional committees of jurisdiction when the reports are expected to miss this deadline; we recommended that this outreach include the factors contributing to the delay and the updated expected issuance dates. Treasury concurred with these recommendations. However, since our 2019 report, the Trustees reports in 2020 and 2021 have both come out after the April 1 deadline. The 2020 reports were issued April 22, 2020. The 2021 reports were not issued until August 31—the latest issuance date since at least 1995.

You asked us about additional actions to better ensure the timely issuance of the Trustees reports, including considering changes to the trustees' bylaws and congressional action.⁴ This report describes Treasury's progress in addressing our 2019 recommendations and offers potential actions, consistent with those recommendations, to help ensure timely completion of the Trustees reports. We reviewed our 2019 report, relevant documentation from the reporting

¹These trust funds are the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), Hospital Insurance (HI), and Supplementary Medical Insurance (SMI) Trust Funds. The OASI and DI Trust Funds help pay for Social Security retirement and disability benefits, while the HI and SMI Trust Funds help finance Medicare hospital and medical benefits, among others. There are three boards of trustees: the Board of Trustees of the OASI and DI Trust Funds, the Board of Trustees of the HI Trust Fund, and the Board of Trustees of the SMI Trust Fund. The trustees are the Secretary of the Treasury, Secretary of Labor, Secretary of Health and Human Services, the Commissioner of Social Security, and at times two public trustees.

²42 U.S.C. §§ 401(c), 1395i(b), and 1395t(b).

³GAO, *Social Security and Medicare: Improved Schedule Management Needed for More Timely Trust Fund Reports*, [GAO-19-596](#) (Washington, D.C., July 30, 2019).

⁴The boards of trustees operate using bylaws adopted in 1995.

cycles for the 2020 and 2021 Trustees reports, and information Treasury provided about actions it has taken to implement our recommendations from the 2019 report.

We conducted this performance audit in September 2021 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 our 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.

Treasury Has Taken Some Steps to Improve Report Management and Communications but the Boards of Trustees Have Continued to Miss the Statutory Reporting Deadlines

Consistent with our recommendation to improve management of the report development schedule, Treasury developed schedules for the working group—agency officials who represent the trustees and who oversee development of the reports—that included the planned and actual dates for the major stages of the 2020 and 2021 reporting cycles. The schedule begins in October, with planned dates for meeting intermediate goals and the statutory issuance deadline of April 1. The 2020 schedule shows that report development closely followed the planned schedule, with most intermediate stages occurring within a week of their planned dates. The 2020 schedule, however, does not show the actual issuance date of the reports of April 22, 2020.

The 2021 schedule indicates that report development was significantly delayed almost from the beginning. The working group did not complete the second stage of development—agreeing on the long-term assumptions underlying the trust fund projections—until March 18, 2021, almost 5 months later than its planned date of October 23, 2020, as the working group considered the effects of the COVID-19 pandemic on the economy. From there, development stayed about that far behind until the reports were issued on August 31, 2021. Other than tracking the planned and actual dates of each reporting cycle, Treasury has not told us about any other steps it took to better manage the report development schedule, as we recommended. Therefore, this recommendation has not been fully implemented.

In response to our second recommendation to inform Congress of reporting delays, the working group established a policy in December 2020 to notify Congress if the trustees anticipate issuing the reports after the April 1 statutory deadline. The policy states that the chairperson of the working group will “assess the need to notify Congress of the reports’ timing.” The policy does not specify how the trustees would make that assessment, nor does it mention including the reasons for the delay in this communication to Congress. A Treasury official stated that they did not interpret our recommendation to mean that the policy itself had to address communicating the reasons for the delayed report—only that those reasons be included in the information communicated to Congress. This policy does not fully address our recommendation because it implies that notifying Congress should be discretionary and does not call for any explanation for the delays and updated time frames. The policy should serve as a prompt for subsequent working groups to provide timely updates and address all of the information we recommended communicating to Congress. However, consistent with our recommendation, Treasury sent an email on March 19, 2021 to staff from the Senate Committee on Finance, House Ways and Means Committee, and House Committee on Energy and Commerce saying that the report would be delayed by “at least eight weeks,” or around June 1. The reasons cited in the email were the transition between administrations at agencies representing the trustees and incorporating recent policy and pandemic-related developments into the reports. This is consistent with our 2019 finding that past reports have been delayed to include the impact of

late-breaking legislation or policy changes on the assumptions or data underlying the trust fund projections. The pandemic has significantly affected the economy and led to major pieces of legislation to help combat its effects. However, even after June 1 passed, the trustees did not update Congress further about reasons for ongoing delays. A Treasury official stated that Treasury intended to convey an additional update in mid-May; however, due to an internal miscommunication, this update did not occur.

Actions Consistent with Our Recommendations May Improve the Timeliness of the Trust Fund Reports

Treasury, in consultation with the boards of trustees, could take additional actions to help address our open 2019 recommendations. Treasury, in its role as chairperson of the boards, could do more to improve the management of the report development schedule. We reported that the trustees missed their intermediate deadlines for several reasons, including choosing to incorporate recent policies, legislation, or economic developments that significantly affect the trust fund modeling assumptions; waiting for updates to data sets; and difficulty scheduling the board meetings. Examples of actions that Treasury could take to implement our recommendations include the following:

- **Prioritize meeting the statutory deadline.** Treasury could emphasize to the working group the importance of meeting the statutory reporting deadline.
- **Review progress.** Treasury could periodically review the working group's progress in developing the reports and notifying members of the working group when planned dates are approaching.
- **Obtain buy-in on timeliness goals from key officials.** Treasury could also work to get support for meeting intermediate and final scheduling goals from members of the working group.
- **Learn from past reporting cycles.** Treasury and members of the working group could use their report development schedule as a learning tool to identify where delays occurred and determine actions within their control that could be applied in the following year to avoid delays.
- **Inform Congress.** Rather than allowing the chairperson to "assess the need to inform Congress" of reporting delays, which may result in Congress not being informed about delays, the working group policy could direct the chairperson to do so. The policy could also direct the chairperson to disclose reasons for delays and provide updated estimated issuance dates until the reports come out, as we recommended.

The boards of trustees could also take actions that would help address our recommendations. For example, they could amend their bylaws to (1) state explicitly the goal of meeting the statutory April 1 issuance requirement, and (2) require that Congress be informed of report issuance delays, the reasons for the delay, and updated issuance date estimates. However, amending the bylaws could have a limited effect because if fewer than six members are serving as trustees—as is the current case with no appointed public trustees—changes to the bylaws would apply for only 9 months. (Our 2019 report highlighted the unique role of public trustees in facilitating both development of the reports and lending credibility to its findings.) It is also unclear what effect changing the bylaws, even permanently, would have on the timeliness of the reports.

Finally, Congress could take actions if it believes that the trustees' actions in response to our recommendations do not meet its needs. Congress could, for example, codify our 2019 recommendations to Treasury, with explicit requirements for reporting and communication.

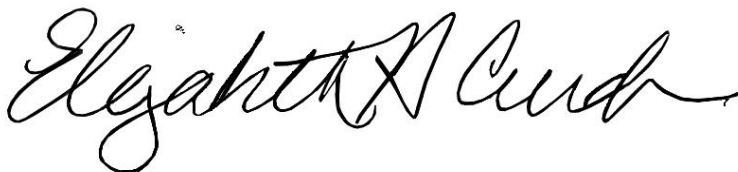
Agency Comments

We provided a draft of this report to Treasury for review and comment. Treasury provided a response, which is reproduced in full in the enclosure. Treasury also provided technical comments, which we incorporated as appropriate. In its comments and response, Treasury emphasized the unique circumstance and challenge that the COVID-19 pandemic presented to completing the modeling underlying the Trustees reports. They explained that “the working group made a deliberate decision to take additional time to prepare the reports in order to accurately incorporate the effects of the pandemic” and that this was necessary “in order to ensure a high-quality report.”

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees and the Secretary of the Treasury. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-7215 or curdae@gao.gov. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report include Mark Glickman (Assistant Director), Paul Schearf (Analyst in Charge), Alex Galuten, and Kate van Gelder.

Sincerely yours,



Elizabeth H. Curda
Director, Education, Workforce, and Income Security
Enclosure

Enclosure: Response from the Department of the Treasury

Treasury would like to thank GAO for the opportunity to review and comment on the draft report. This year was the first year that the Social Security and Medicare Trustees reports accounted for the COVID-19 pandemic, and the Trustees working group agreed to delay the reports in order to accurately incorporate the pandemic's effects. This was a tremendous effort and entailed extensive changes to certain modeling, which took extra time but was necessary in order to deliver a high-quality report. Although the delay this year was not a result of schedule management challenges, Treasury remains committed to meeting the April 1 statutory deadline and will continue our efforts to improve the reports' timeliness. Treasury is also committed to communicating with Congress on these issues and will track and log working group notifications to Congress on report timing going forward to promote the delivery of prompt updates.

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