



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Informational Report

Beneficiary and Recipient Data Provided to Support Issuance of Economic Impact Payments Authorized by the American Rescue Plan Act of 2021

A-06-21-51061 | December 2021



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: December 13, 2021

Refer To: A-06-21-51061

To: Kilolo Kijakazi
Acting Commissioner

From: Gail S. Ennis, 
Inspector General

Subject: Beneficiary and Recipient Data Provided to Support Issuance of Economic Impact Payments Authorized by the American Rescue Plan Act of 2021

The attached final report presents the results of the Office of Audit's review. We conducted this review to address concerns that the timing of the Social Security Administration's provision of beneficiary and recipient data to the Internal Revenue Service delayed the issuance of economic impact payments authorized by the *American Rescue Plan Act of 2021*.

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

Beneficiary and Recipient Data Provided to Support Issuance of Economic Impact Payments Authorized by the American Rescue Plan Act of 2021

A-06-21-51061



December 2021

Office of Audit Report Summary

Background

We conducted this review to address concerns that the timing of the Social Security Administration's (SSA) provision of beneficiary and recipient data to the Internal Revenue Service (IRS) delayed the issuance of economic impact payments (EIP) authorized by the *American Rescue Plan Act of 2021 (ARPA)*.

ARPA became law on March 11, 2021 and authorized a third round of IRS-administered EIPs (we refer to these payments as *EIP3s*). To assist in identifying Old-age, Survivors and Disability Insurance (OASDI) beneficiaries and Supplemental Security Income (SSI) recipients potentially eligible for *EIP3s*, the IRS requested SSA provide beneficiary and recipient data.

On March 25, 2021, SSA completed delivery of OASDI and SSI production data that provided IRS with information on approximately 72 million beneficiaries and recipients.

Conclusion

SSA's provision of beneficiary and recipient data to IRS 14 days after *ARPA* was enacted did not delay issuance of *EIP3s*. IRS officials confirmed that SSA met the IRS' expectations regarding provision of SSA's data and the IRS and SSA worked together to get payments out as quickly as possible.

More than a month before *ARPA* was enacted, SSA informed the IRS that it could not legally expend Social Security Trust Funds or use unspent appropriated funding from prior rounds of *EIPs* to assist the IRS in issuing *EIP3s*. Therefore, before SSA could initiate this work, it required appropriated funding in the bill authorizing *EIP3s* or an approved Memorandum of Understanding (MOU) and a Reimbursable Agreement with IRS. When *ARPA* became law, it did not provide SSA funding to assist in *EIP3* administration. By March 17, 2021, SSA and IRS had signed an MOU and Reimbursable Agreement to fund the work necessary for SSA to produce requested data. SSA completed data provision on March 25, 2021.

IRS officials confirmed the IRS planned to send *EIP3s* to individuals with known bank account information in the initial batches of payments and send *EIP3s* to non-tax-return filers in subsequent batches of payments.

In accordance with its plans, during the first 3 batches of payments from March 17 through 31, 2021, the IRS sent approximately 131 million *EIP3s* to individuals (including SSA beneficiaries and recipients) who filed 2019 or 2020 tax returns or used the IRS' Non-filer tool to provide their bank account information. During the next 3 batches of payments from April 7 through 21, 2021, the IRS sent approximately 23 million *EIP3s* to non-tax-return filing SSA beneficiaries and recipients identified using SSA data; and approximately 405,000 *EIP3s* to Department of Veterans Affairs and Railroad Retirement Board beneficiaries identified through data matches with those agencies.

TABLE OF CONTENTS

Background.....	1
<i>Coronavirus Aid, Relief, and Economic Security Act</i>	1
<i>Covid-related Tax Relief Act of 2020</i>	1
<i>American Rescue Plan Act of 2021</i>	1
<i>American Rescue Plan Act</i> Data Provision Chronology.....	2
Preliminary Discussion with the Internal Revenue Service.....	2
The Agency Cannot Provide Data Without Funding.....	2
Memorandum of Understanding and Reimbursable Agreement.....	2
Data Provided to the Internal Revenue Service.....	3
Conclusion.....	3
Agency and Internal Revenue Service Comments.....	4
Appendix A – Timeline of Events.....	A-1
Appendix B – Scope and Methodology.....	B-1
Appendix C – Agency Comments.....	C-1

ABBREVIATIONS

<i>ARPA</i>	<i>The American Rescue Plan Act of 2021</i>
<i>CARES Act</i>	<i>The Coronavirus Aid, Relief, and Economic Security Act</i>
EIP	Economic Impact Payment
IRS	Internal Revenue Service
MOU	Memorandum of Understanding
OASDI	Old-age, Survivors and Disability Insurance
OIG	Office of the Inspector General
RRB	Railroad Retirement Board
SSA	Social Security Administration
SSI	Supplemental Security Income
VA	Department of Veterans Affairs

BACKGROUND

We conducted this review to address concerns that the timing of the Social Security Administration's (SSA) provision of beneficiary and recipient data to the Internal Revenue Service (IRS) delayed the issuance of economic impact payments (EIP) authorized by the *American Rescue Plan Act of 2021 (ARPA)*. We are conducting a separate review to assess the accuracy and completeness of those data files.

Coronavirus Aid, Relief, and Economic Security Act

The *Coronavirus Aid, Relief, and Economic Security Act (CARES Act)*, signed into law on March 27, 2020, authorized an initial round of IRS-administered EIPs (we refer to these payments as EIP1s). This Act authorized one-time \$1,200 payments to U.S. citizens or U.S. resident aliens who were not claimed as a dependent by another taxpayer, had a Social Security number, and had adjusted gross income that did not exceed prescribed limits.¹

The *CARES Act* included *Appropriations to Carry Out Rebates* that provided SSA \$38 million available *immediately upon enactment*. On April 22, 2020, SSA and the IRS signed a Memorandum of Understanding (MOU) that stated SSA would provide the IRS Supplemental Security Income (SSI) recipient data to assist the IRS in identifying individuals who did not file a tax return but were potentially eligible for an EIP. The same day, SSA transmitted to the IRS a data file identifying approximately 4.5 million recipients.

In September 2020, we completed a review of the data file. We determined the data SSA provided to IRS were accurate, complete, and provided in accordance with IRS instructions.²

Covid-related Tax Relief Act of 2020

The *Covid-related Tax Relief Act of 2020*, signed into law on December 27, 2020, authorized a second round of IRS-administered EIPs. This Act authorized one-time \$1,200 payments to married couples, \$600 payments to individuals who were U.S. citizens or resident aliens who were not claimed as another taxpayer's dependent, and \$600 per qualifying child under age 17 who had a Social Security number and adjusted gross income below prescribed limits.³ The IRS did not request SSA provide beneficiary information to assist in administering the EIPs.

American Rescue Plan Act of 2021

ARPA, signed into law on March 11, 2021, authorized a third round of IRS-administered EIPs (we refer to these payments as *EIP3s*). *ARPA* authorized one-time \$1,400 payments (\$2,800 for married couples filing joint tax return) plus \$1,400 for each qualifying dependent with a valid Social Security number who was not claimed as another taxpayer's dependent and had

¹ The IRS reduced payments by 5 percent of the amount by which married couples' adjusted gross income exceeded \$150,000, heads of households' adjusted gross income exceeded \$112,500, and all other eligible individuals' adjusted gross income exceeded \$75,000.

² We determined the data files erroneously included information on 189 deceased individuals; however, this represented an error rate of less than .005 percent.

³ See Footnote 1.

adjusted gross income below prescribed limits.⁴ The *Recovery Rebate* section of *ARPA* appropriated approximately \$1.5 billion for the IRS to administer the payments and modernize its systems; \$7 million for the Department of the Treasury, Bureau of Fiscal Service, to issue the payments; and \$8 million to the Treasury Inspector General for Tax Administration to oversee activities related to the payments' administration. However, the law did not appropriate funding for SSA to support issuing EIP3s.

AMERICAN RESCUE PLAN ACT DATA PROVISION CHRONOLOGY

A chronology of events is provided below. See Appendix A for a summary of EIP3 events and timing/description of the payments.

Preliminary Discussion with the Internal Revenue Service

Available records show that, on January 21, 2021, SSA and the IRS initiated discussions regarding SSA providing data files that identified all Old-age, Survivors and Disability Insurance (OASDI) beneficiaries and SSI recipients potentially eligible for a prospective third round of EIPs. Unlike the data SSA provided the IRS to facilitate EIP1, the IRS requested SSA provide information about all SSI recipients and OASDI beneficiaries who received a payment any time in Calendar Years 2020 or 2021. The IRS requested OASDI beneficiary data because it decided not to use beneficiary data SSA had already provided to IRS via Forms SSA-1099, *Social Security Benefit Statement*. As part of these discussions, IRS also notified SSA of modifications to the file format SSA had previously used to provide SSI recipient data for EIP1. Additionally, the IRS informed SSA it planned to use a data transmission process that was different from the SSA-1099 transmission process SSA used to send EIP1 data files.

The Agency Cannot Provide Data Without Funding

On February 1, 2021, SSA informed the IRS it could not legally expend Social Security Trust Funds or use unspent appropriated funding from prior rounds of EIPs to assist IRS in issuing EIP3s. Therefore, before SSA could initiate this work, it required appropriated funding in the bill that authorized EIP3s or an approved MOU and Reimbursable Agreement with the IRS.

Memorandum of Understanding and Reimbursable Agreement

When *ARPA* became law on March 11, 2021, it provided no funding to SSA to support issuance of EIP3s. SSA and IRS had already initiated discussion on creating an MOU and Reimbursable Agreement setting forth the agreement of the parties regarding the content and delivery of OASDI and SSI data to the IRS and the terms under which the IRS would reimburse SSA for this work. On March 16, 2021, 5 days after *ARPA* was enacted, SSA signed the MOU and Reimbursable Agreement authorizing SSA up to \$5 million to provide IRS with OASDI and SSI data. The IRS signed the documents the following day.

On March 12, 2021, the IRS started sending the first batch of approximately 90 million electronic EIP3s, primarily to eligible individuals who had previously provided IRS with their bank account

⁴ Payments were phased out to married couples whose adjusted gross income exceeded \$160,000, heads of household whose income exceeded \$120,000, or other eligible individuals whose income exceeded \$80,000.

information on 2019 or 2020 tax returns. This round of payments also included individuals who did not file tax returns but who successfully used the IRS Non-filer tool to provide their bank account information to the IRS during previous rounds of EIPs.

Data Provided to the Internal Revenue Service

On March 22, 2021, 5 days after the MOU and Reimbursable Agreement was finalized and 11 days after *ARPA* was enacted, SSA provided the IRS with OASDI *test* data. The next day, SSA provided SSI *test* data. SSA delivered OASDI *production* data to the IRS on March 24, 2021 and delivered SSI *production* data on March 25, 2021. These data included information on approximately 72 million OASDI beneficiaries and SSI recipients.

CONCLUSION

SSA's provision of beneficiary and recipient data to IRS 14 days after *ARPA* was enacted did not delay issuance of EIP3s. IRS officials confirmed that SSA met the IRS' expectations regarding provision of SSA's data and that IRS and SSA worked together to get payments out as quickly as possible.


More than a month before *ARPA* was enacted, SSA informed the IRS that it could not legally expend Social Security Trust Funds to assist IRS in issuing EIP3s without appropriated funding in the bill that authorized EIP3s or an approved MOU and Reimbursable Agreement with the IRS. IRS officials did not contradict SSA's position. *ARPA* became law on March 11, 2021 but did not provide SSA funding to assist in EIP3 administration. By March 17, 2021, SSA and IRS had signed an MOU and Reimbursable Agreement and SSA completed data provision on March 25, 2021. IRS officials stated the time spent finalizing the agreements with SSA provided it time and capacity to obtain and test data the Department of Veterans Affairs (VA) and Railroad Retirement Board (RRB) provided to assist EIP3 administration.

Discussions between SSA and the IRS indicated that, before *ARPA* was enacted, the IRS planned to send EIP3s to non-tax return filers approximately 5 weeks after it sent the initial batch of EIP3s. IRS officials confirmed the IRS planned to send EIP3s to individuals with known bank account information in the initial batches of payments, and to non-tax-return filers in subsequent batches of payments.

In accordance with its plans, during the first 3 batches of payments from March 17 through 31, 2021, the IRS sent approximately 131 million EIP3s to individuals (including SSA beneficiaries and recipients) who filed 2019 or 2020 tax returns or used the IRS' Non-filer tool to provide their bank account information. During the next 3 batches of payments from April 7 through 21, 2021, the IRS sent approximately 23 million EIP3s to non-tax-return filing SSA beneficiaries and recipients identified using SSA data; and approximately 405,000 EIP3s to VA and RRB beneficiaries identified through data matches with those Agencies. See highlighted section and Footnotes 6 through 8 on the *Timeline of Events* in Appendix A.

AGENCY AND INTERNAL REVENUE SERVICE COMMENTS

We provided copies of the draft report to both IRS and SSA for review and incorporated their technical comments, as appropriate. The IRS provided no formal comments on the report. SSA provided formal comments stating they had no comments on the report. The full text of SSA's comments is included in Appendix C.



Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – TIMELINE OF EVENTS

Table A–1: EIP3 Events and Timing/Description of Payments

Event	Date	EIP3s Sent (Approximate)	Days Since ARPA Enacted
SSA and IRS initiate EIP3 data provision discussions	January 21, 2021		
SSA informs IRS of appropriated funding requirement	February 1, 2021		
<i>American Rescue Plan Act of 2021 enacted</i>	March 11, 2021		
MOU and Reimbursable Agreement signed	March 16, 2021 ¹		5
IRS sends 1 st batch of payments	March 17, 2021 ²	90 million ³	6
SSA transmits OASDI test data to IRS	March 22, 2021		11
SSA transmits SSI test data to IRS	March 23, 2021		12
SSA transmits OASDI production data to IRS	March 24, 2021		13
IRS sends 2 nd batch of payments	March 24, 2021	37 million ⁴	13
SSA transmits SSI production data to IRS	March 25, 2021		14
IRS sends 3 rd batch of payments	March 31, 2021	4 million ⁵	23
IRS sends 4th batch of payments	April 7, 2021	25 million⁶	27
IRS sends 5th batch of payments	April 14, 2021	2 million⁷	34
IRS sends 6th batch of payments	April 21, 2021	2 million⁸	41
IRS sends 7 th batch of payments	April 28, 2021 ⁹	2 million	48
IRS sends 8 th batch of payments	May 5, 2021	1 million	55
IRS sends 9 th batch of payments	May 12, 2021	1 million	62
IRS sends 10 th batch of payments	May 26, 2021	2 million	76
IRS sends 11 th batch of payments	June 9, 2021	2 million	90
Total		168 million	

¹ SSA signed the MOU and Reimbursable Agreement on March 16, 2021. The IRS signed on March 17, 2021.

² We based all batch payment dates on the “Official Payment Date” shown on the IRS website.

³ Per the IRS, this batch included direct deposit payments primarily to eligible individuals who provided direct deposit information on 2019 or 2020 tax returns or provided direct deposit information using IRS’ Non-filer tool.

⁴ Per IRS, this batch included direct deposit, paper checks and debit card payments to individuals who filed 2019 or 2020 tax returns or used the IRS’ Non-filer tool.

⁵ Per IRS, this batch was paid primarily to individuals whom the IRS previously did not have information until they recently filed a tax return or were supplemental payments for people who earlier received payments based on 2019 tax returns but were eligible for larger payments based on recently processed 2020 tax returns.

⁶ Per IRS, this batch included 19 million OASDI beneficiaries, 3 million SSI recipients, and 85,000 Railroad Retirement Board beneficiaries who did not file 2019 or 2020 tax returns or use the IRS Non-filer tool.

⁷ Per IRS, this batch included 72,000 OASDI beneficiaries and 320,000 Department of Veterans Affairs beneficiaries who did not file 2019 or 2020 tax returns or use the IRS Non-filer tool.

⁸ Per IRS, this batch included 600,000 beneficiaries and recipients including those with foreign addresses.

⁹ Per IRS, payments sent from April 28, 2021 on were primarily to individuals whom the IRS previously did not have information until they recently filed a tax return or were supplemental payments for people who earlier received EIP3 based on 2019 tax returns but were eligible for larger payments based on recently processed 2020 tax returns.

Appendix B – SCOPE AND METHODOLOGY

To accomplish our review, we:

- Reviewed applicable Federal laws and regulations; the Social Security Administration’s (SSA) policies and procedures; and prior Office of the Inspector General reports.
- Obtained data SSA provided to the Internal Revenue Service (IRS) to support the third round of Economic Impact Payments (EIP3s).
- Gained an understanding of public concerns regarding the timeliness of SSA’s delivery of data to the IRS and met with various Congressional staff to discuss information gathered.
- Gained an understanding of SSA’s process and the chronology as it pertained to communication with IRS and SSA’s preparation and transmission of data to the IRS for EIP3.
- Obtained and reviewed internal and external Agency correspondence related EIP3 issuance.
- Met with IRS officials to obtain an understanding of IRS’ perspective of the collaboration with SSA as it related to EIP3.

We conducted our review in Dallas, Texas, from April to August 2021.

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: December 2, 2021

Refer To: TQA-1

To: Gail S. Ennis
Inspector General

From: Scott Frey
Chief of Staff

Subject: Office of the Inspector General Draft Informational Report, “Beneficiary and Recipient Data Provided to Support Issuance of Economic Impact Payments Authorized by the American Rescue Plan Act of 2021” (A-06-21-51061) — INFORMATION

Thank you for the opportunity to review the draft report. We have no comments.

Please let me know if I can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.



- Mission:** The Social Security Office of the Inspector General (OIG) serves the public through independent oversight of SSA's programs and operations.
- Report:** Social Security-related scams and Social Security fraud, waste, abuse, and mismanagement, at oig.ssa.gov/report.
- Connect:** [OIG.SSA.GOV](https://oig.ssa.gov)

Visit our website to read about our audits, investigations, fraud alerts, news releases, whistleblower protection information, and more.

Follow us on social media via these external links:



Twitter: @TheSSAOIG



Facebook: OIGSSA



YouTube: TheSSAOIG



Subscribe to email updates on our website.