

DISABILITY DETERMINATION

Enabling Laws

Act 175 of 2012
A.C.A. §20-76-301 et seq.
Titles II and XVI of the Social Security Act

History and Organization

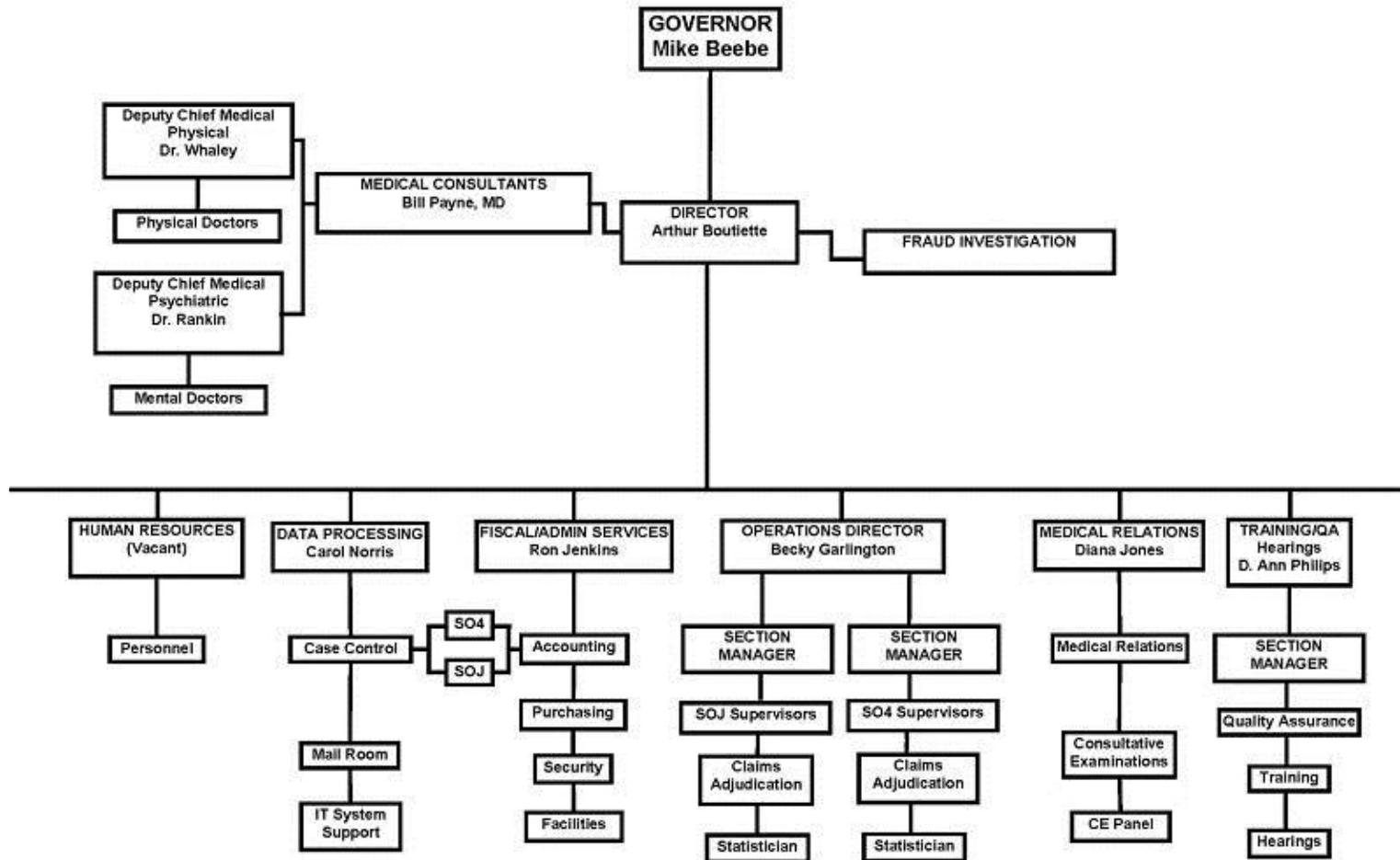
The State Department for Social Security Administration Disability Determination was created by Act 14 of the Second Extraordinary Session of the 1961 Arkansas General Assembly and codified in state law under A.C.A. §20-76-301 et seq. Act 177 of the 1965 Arkansas General Assembly changed the agency title to Disability Determination for Social Security Administration.

The Agency is a department within the executive branch, and accordingly is under the direction of the Chief Executive of the State of Arkansas. The Social Security Administration provides funds to the State of Arkansas to carry out the disability determination and hearing functions for the federal government.

The basic statutory authorities for the Social Security Disability Program are contained in Titles II (Section 221) and XVI (Section 1633) of the Social Security Act. These sections of the Social Security Act were amended by P.L. 95-265 on June 9, 1980, to provide for administration of this state agency by federal regulations rather than by agreement. On January 1, 1984, P.L. 97-445 gave all disability beneficiaries the opportunity for a face-to-face evidentiary hearing before benefits ceased.

The Disability Insurance Program includes two groups of claimants: Title II and Title XVI. Title II claimants are those who have contributed Federal Insurance Contributions Act (FICA) taxes on wages for five of the past ten years prior to the date of alleged disability. Title XVI (Supplemental Security Income) claimants are those who have low income and resources, and who are alleging disability. Title II Funds come from the Social Security Trust Fund. Title XVI Funds come from federal revenues.

In October 2010, the Arkansas Disability Determination for Social Security Administration began training disability adjudicators who will work disability claims from other states. The Social Security Administration has chosen Arkansas to work these claims because Arkansas has proven to be efficient and accurate in adjudicating disability claims.



Agency Commentary

The mission of the Arkansas Disability Determination for Social Security Administration is to provide timely and accurate determinations of whether or not applicants for Social Security Disability Benefits are disabled. The mission entails procuring medical records from treating doctors and hospitals and providing medical examinations when adequate existing medical records are not available. Funding for FY 2014 and 2015 includes an increase in appropriations above our Base Level to provide funds to restore 15 administrative / clerical positions which were unbudgeted in the FY11 / 12 fiscal years due to a federal hiring freeze. These positions will be needed when the hiring freeze is lifted to replace the temporary staff hires. Increases are also needed in funding for Professional Fees. As a result of the hiring freeze, the only option for the agency is to increase its usage of Professional Services Contracts to acquire contracted Medical Consultants to work disability claims. Indications are this federal hiring freeze will last through FFY13 and is expected to carry over into FFY14. Funding for the appropriation for the Arkansas Disability Determination for Social Security Administration is 100% federal funding.

In addition to Base Level the Agency is requesting the following:

A restoration of 15 administrative / clerical positions. These positions were unbudgeted in the FY 11-13 Biennium due to a prolonged Federal hiring freeze. The positions will need to be filled to eliminate temporary staff support once the federal hiring freeze is lifted.

An increase in Operating Expense appropriation of \$250,000 in each year of the biennium. The increase is needed due to increases in operational support costs such as temporary manpower support, leased equipment support, and office supplies.

An increase in Professional Fees of \$2,400,000 in FY14 and \$2,600,000 in FY15. The agency's usage of contracted Medical Consultants through Professional Services Contracts has been a growing trend for the last several years. Retirement of employee Medical Consultants and the limitations of the Federal hiring freeze continues to increase our Professional Fees expense. This trend is expected to continue through FFY13 and carry over into FFY14.

The final request is for Capital Outlay appropriation in the amount of \$100,000 each year of the biennium for anticipated equipment expenses.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DISABILITY DETERMINATION FOR SOCIAL SECURITY ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

None

None

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	97	167	264	75 %
Black Employees	13	65	78	22 %
Other Racial Minorities	5	4	9	3 %
Total Minorities			87	25 %
Total Employees			351	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
284	399	102	501	-217	-40.49 %	538	359	179	538	0	33.27 %	538	347	191	538	0	35.50 %

Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Analysis of Budget Request

Appropriation: 2QQ - DDSSA-Operations

Funding Sources: FSD - Disability Determination - Federal

Disability Determination for Social Security Administration (DDSSA) is the State Agency responsible for determining the eligibility of Arkansans for disability and other payments in accordance with federal Social Security laws, regulations and instructions. The Agency makes determinations for disability benefits under Titles II and XVI of the Social Security Act and investigates suspected cases of fraud or abuse. Title II claimants are those who have contributed FICA taxes on wages for five of the past ten years prior to the date of alleged disability. Title XVI (Supplemental Security Income) claimants are those who have established the fact that they have low income and resources and are alleging disability.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

The Agency is requesting a \$3,327,680 increase in appropriation for FY14 and \$3,527,680 for FY15. Funding for the increase appropriation is 100% federally funded. The Agency's request reflects the following:

- \$411,565 increase in Regular Salaries for FY14 and FY15 due to 15 restored administrative/clerical positions.
- \$166,115 increase in Personal Services Matching for each year of the biennium due to 15 restored administrative/clerical positions.
- \$250,000 increase in Operating Expenses appropriation for each year of the biennium to cover the cost of temporary manpower support, leased equipments and office supplies
- \$2,400,000 increase in Professional Fees in FY14 and \$2,600,000 in FY15 to support the Agency's cost for contracted medical consultants.
- \$100,000 increase in Capital Outlay for each of the biennium for anticipated equipment expenses.

The Executive Recommendations provides for the Agency Request.

Appropriation Summary

Appropriation: 2QQ - DDSSA-Operations

Funding Sources: FSD - Disability Determination - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	20,385,603	24,646,060	24,206,615	24,934,291	25,345,856	25,345,856	24,942,191	25,353,756	25,353,756
#Positions		427	467	538	467	482	482	467	482	482
Extra Help	5010001	272,929	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000
#Extra Help		12	20	20	20	20	20	20	20	20
Personal Services Matching	5010003	6,167,077	7,828,523	7,400,588	8,024,170	8,190,285	8,190,285	8,036,963	8,203,078	8,203,078
Overtime	5010006	715,133	860,000	860,000	860,000	860,000	860,000	860,000	860,000	860,000
Operating Expenses	5020002	3,460,800	3,734,400	3,734,400	3,734,400	3,984,400	3,984,400	3,734,400	3,984,400	3,984,400
Conference & Travel Expenses	5050009	50	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Professional Fees	5060010	12,252,467	10,545,200	10,545,200	10,545,200	12,945,200	12,945,200	10,545,200	13,145,200	13,145,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Total		43,254,059	48,130,683	47,263,303	48,514,561	51,842,241	51,842,241	48,535,254	52,062,934	52,062,934

Funding Sources										
Federal Revenue	4000020	43,254,059	48,130,683		48,514,561	51,842,241	51,842,241	48,535,254	52,062,934	52,062,934
Total Funding		43,254,059	48,130,683		48,514,561	51,842,241	51,842,241	48,535,254	52,062,934	52,062,934
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		43,254,059	48,130,683		48,514,561	51,842,241	51,842,241	48,535,254	52,062,934	52,062,934

FY13 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

Appropriation: 2QQ - DDSSA-Operations
Funding Sources: FSD - Disability Determination - Federal

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	48,514,561	467	48,514,561	100.0	48,535,254	467	48,535,254	100.0
C01	Existing Program	3,327,680	15	51,842,241	106.9	3,527,680	15	52,062,934	107.3

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	48,514,561	467	48,514,561	100.0	48,535,254	467	48,535,254	100.0
C01	Existing Program	3,327,680	15	51,842,241	106.9	3,527,680	15	52,062,934	107.3

Justification

C01	Reflects \$411,565 increase in Regular Salaries and \$166,115 increase in Personal Services Matching to restore 15 positions; \$250,000 increase in Operating Expenses to cover the cost of temporary manpower, leased equipments and office supplies; and \$100,00 increase in Capital Outlay in FY14 and FY15 for anticipated equipment expenses. A \$2,400,000 increase in FY14 and 2,600,000 increase in FY15 in Professional Fees are also included which are cover the cost of contracted medical consultants.
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