

DISABILITY DETERMINATION

Enabling Laws

Act 21 of 2010
A.C.A. §20-76-301 et seq.
Titles II and XVI of the Social Security Act

History and Organization

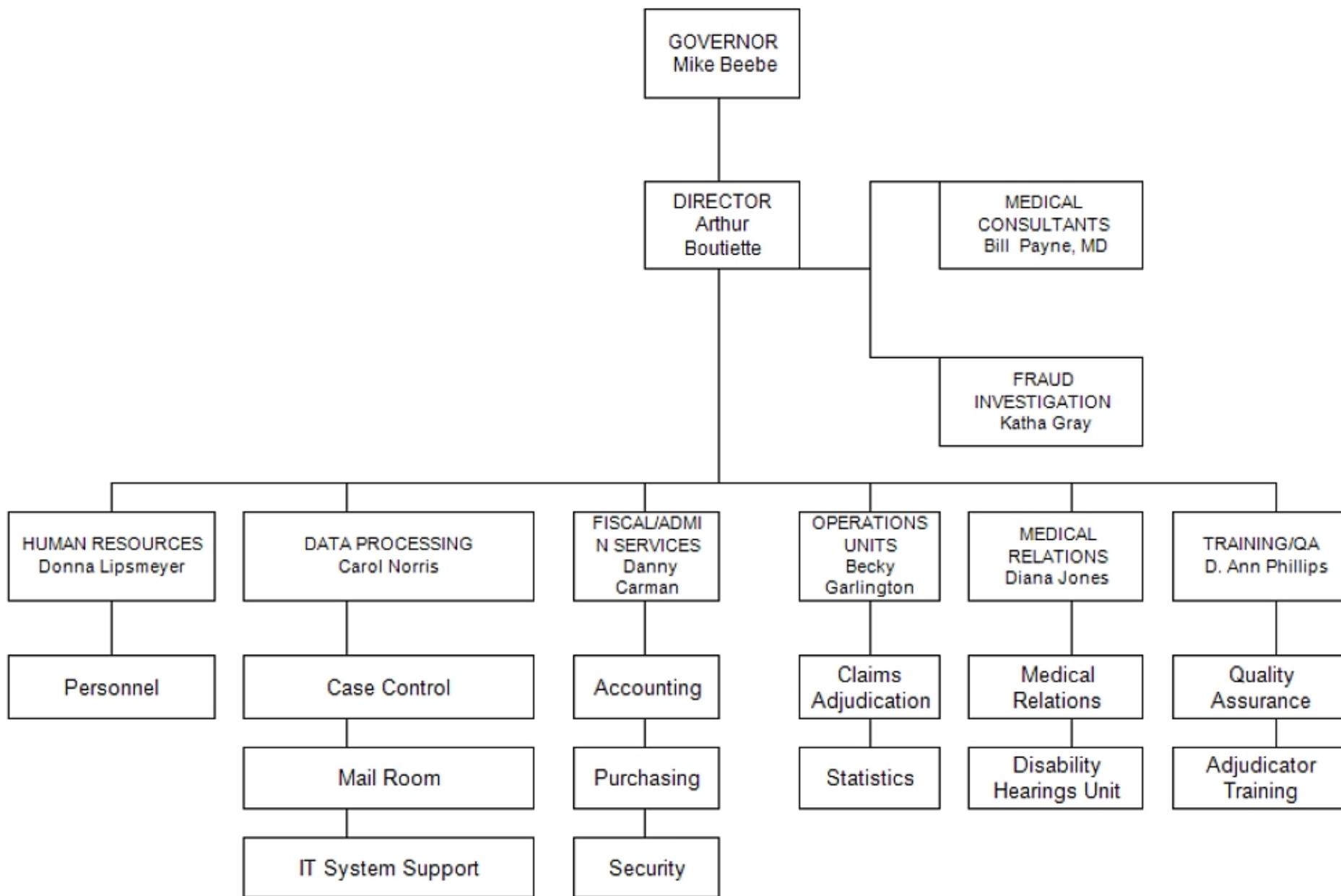
The State Department for Social Security Administration Disability Determination was created by Act 14 of the Second Extraordinary Session of the 1961 Arkansas General Assembly and codified in state law under A.C.A. §20-76-301 et seq. Act 177 of the 1965 Arkansas General Assembly changed the agency title 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 speedy and accurate determinations of whether or not applicants for Social Security Disability Benefits are disabled. Our mission entails procuring medical records from treating doctors and hospitals and providing medical examinations when adequate existing medical records are not available. The process of requesting and receiving medical evidence now integrates fax and electronic imaging capability. Funding for FY 2012 and 2013 includes an increase in appropriations above our Base Level to provide funds for our 100 additional employees who were hired in October 2009 and who are assigned to work claims from other states. Increases are also needed in funding for additional employees who were hired during FY 2010. These employees were hired to handle an increased claims workload following the downturn of the economy. 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 continuation of 227 Miscellaneous Federal Grant (MFG) positions and supporting Regular Salaries of \$9,605,479.

A continuation of MFG appropriations for \$150,000 in the Extra Help line item with related Personal Services Matching.

A increase of \$400,000 in the Overtime line item.

A continuation of MFG appropriations of \$3,017,013 for Personal Services Matching for continuation positions and an increase of \$81,320 for Overtime Personal Services Matching.

A continuation of MFG appropriations of \$494,900 and an increase of \$478,000 in Operating Expenses appropriation. The increase is needed due to increases in the square footage of office space needed to house our additional employees and in Building and Grounds Maintenance. Telecommunication Wired is expected to increase because of increased out-of-state phone calls that are required to adjudicate claims from other states. Office Supplies costs will also increase proportionately with our increased staff.

A continuation of MFG appropriations of \$2,250,000 and an increase of \$500,000 in Professional Fees appropriation. The increased workload resulting from the current economic downturn coupled with the mission to work disability claims from other states requires the Agency to purchase more medical records.

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, 2007

| Findings | Recommendations |
|----------|-----------------|
| None | None |

Employment Summary

| | Male | Female | Total | % |
|-------------------------|------|--------|-------|-------|
| White Employees | 104 | 182 | 286 | 78 % |
| Black Employees | 13 | 68 | 81 | 22 % |
| Other Racial Minorities | 2 | 0 | 2 | 0 % |
| Total Minorities | | | 83 | 22 % |
| Total Employees | | | 369 | 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

| FY2008 - 2009 | | | | | FY2009 - 2010 | | | | | FY2010 - 2011 | | | | | | | |
|-------------------|----------|----------|-------|------------------|------------------------|-------------------|----------|----------|-------|------------------|------------------------|-------------------|----------|----------|-------|------------------|------------------------|
| Authorized in Act | Budgeted | | | Unbudgeted Total | % of Authorized Unused | Authorized in Act | Budgeted | | | Unbudgeted Total | % of Authorized Unused | Authorized in Act | Budgeted | | | Unbudgeted Total | % of Authorized Unused |
| | Filled | Unfilled | Total | | | | Filled | Unfilled | Total | | | | Filled | Unfilled | Total | | |
| 284 | 270 | 0 | 270 | 14 | 4.93 % | 284 | 382 | 0 | 382 | -98 | -34.51 % | 284 | 372 | 129 | 501 | -217 | -30.99 % |

FY10 and FY11 Budgeted Number of Positions exceeds Authorized due to transfers from the Miscellaneous Federal Grant Holding Account.

Analysis of Budget Request

Appropriation: 2QQ - DDSSA-Operations

Funding Sources: FSD - Disability Determination - Federal

Disability Determination for Social Security Administration (DDSSA) is the 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.

In 2009, the Arkansas DDSSA became the first of four states designated by the Social Security Administration as an "Extended Service Team" (EST) to handle claims from other states in order to address a nationwide backlog of claims. "Social Security expects to receive more than 3.3 million applications for disability benefits this fiscal year (FY [2009]), about 700,000 more than in FY 2008. In addition, more than a dozen states are furloughing federally-funded state workers who make disability decisions for Social Security. The combination of increased workloads and state furloughs has resulted in a growing backlog of initial disability applications in state DDSs." ("Social Security Helps States with Mounting Disability Claims." The Official Website of the U.S. Social Security Administration. 15 Mar. 2010. <<http://www.socialsecurity.gov/pressoffice/pr/est-pr.htm>>.)

From FY09 to FY10, Arkansas received an increase in federal funding for the DDSSA of \$9.5 million to support two hundred twenty-seven (227) miscellaneous federal grant positions, office space and associated operating costs for the EST. That amount is expected to almost double in FY11 and continue into and beyond the 2011-2013 biennium. These positions are full-time jobs ranging from \$25,000 to \$123,000 per year (Average: \$39,000) which will provide a significant impact on the local economy. The Agency has also suggested they may submit another miscellaneous federal grant request in the fall of FY11 for additional staff support, including doctors and case workers.

The increased costs for this program are 100% federally funded.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum.

The Agency's Change Level Request totaling \$17,076,712 each year reflects the following:

- Regular Salaries increase of \$9,605,479 each year to restore two hundred twenty-seven (227) miscellaneous federal grant positions. These positions are requested to support the Agency's increased workload due to the EST program, as well as provide additional support for a recent increase in retirees.

- Extra Help of \$150,000 each year to support the EST program.
- Overtime of \$400,000 each year to help address the nationwide backlog of outstanding claims.
- Personal Services Matching of \$3,098,333 to support requested increases for Regular Salaries, Overtime and Extra Help.
- Operating Expenses of \$972,900 each year for increased telecommunications costs associated with out-of-state phone traffic, facilities rental and building maintenance for an annex to the existing facility that was recently constructed to support additional staffing, and increased office supplies and work related travel to support the EST program.
- Professional Fees of \$2,750,000 each year for the purchase of medical records.
- Capital Outlay of \$100,000 for replacement of existing equipment as required.

The Executive Recommendation 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 | | |
|------------------------------|---------|---------------------|---------------------|-------------------------|---|-------------------|-------------------|---|-------------------|-------------------|
| | | 2009-2010 Actual | 2010-2011 Budget | 2010-2011 Authorized | 2011-2012 | | | 2012-2013 | | |
| | | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries | 5010000 | 15,414,658 | 21,434,883 | 12,966,132 | 12,760,639 | 22,366,118 | 22,366,118 | 12,760,639 | 22,366,118 | 22,366,118 |
| #Positions | | 450 | 501 | 284 | 274 | 501 | 501 | 274 | 501 | 501 |
| Extra Help | 5010001 | 289,152 | 390,000 | 240,000 | 240,000 | 390,000 | 390,000 | 240,000 | 390,000 | 390,000 |
| #Extra Help | | 18 | 4 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Personal Services Matching | 5010003 | 4,483,434 | 6,541,061 | 3,971,683 | 3,968,699 | 7,067,032 | 7,067,032 | 3,968,699 | 7,067,032 | 7,067,032 |
| Overtime | 5010006 | 797,915 | 460,000 | 460,000 | 460,000 | 860,000 | 860,000 | 460,000 | 860,000 | 860,000 |
| Operating Expenses | 5020002 | 2,911,152 | 3,256,400 | 2,761,500 | 2,761,500 | 3,734,400 | 3,734,400 | 2,761,500 | 3,734,400 | 3,734,400 |
| Conference & Travel Expenses | 5050009 | 24,813 | 26,500 | 42,000 | 26,500 | 26,500 | 26,500 | 26,500 | 26,500 | 26,500 |
| Professional Fees | 5060010 | 9,271,839 | 10,045,200 | 7,795,200 | 7,795,200 | 10,545,200 | 10,545,200 | 7,795,200 | 10,545,200 | 10,545,200 |
| Data Processing | 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 5120011 | 20,845 | 100,000 | 100,000 | 0 | 100,000 | 100,000 | 0 | 100,000 | 100,000 |
| Total | | 33,213,808 | 42,254,044 | 28,336,515 | 28,012,538 | 45,089,250 | 45,089,250 | 28,012,538 | 45,089,250 | 45,089,250 |

| Funding Sources | | | | | | | | | | |
|--------------------------------|---------|-------------------|-------------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Federal Revenue | 4000020 | 33,213,808 | 42,254,044 | | 28,012,538 | 45,089,250 | 45,089,250 | 28,012,538 | 45,089,250 | 45,089,250 |
| Total Funding | | 33,213,808 | 42,254,044 | | 28,012,538 | 45,089,250 | 45,089,250 | 28,012,538 | 45,089,250 | 45,089,250 |
| Excess Appropriation/(Funding) | | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | | 33,213,808 | 42,254,044 | | 28,012,538 | 45,089,250 | 45,089,250 | 28,012,538 | 45,089,250 | 45,089,250 |

The FY11 Budget exceeds Authorized Number of Positions and Appropriation in Regular Salaries, Extra Help, Personal Services Matching, Operating Expenses and Professional Fees due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

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

Agency Request

| Change Level | | 2011-2012 | Pos | Cumulative | % of BL | 2012-2013 | Pos | Cumulative | % of BL |
|--------------|-------------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 28,012,538 | 274 | 28,012,538 | 100.0 | 28,012,538 | 274 | 28,012,538 | 100.0 |
| C01 | Existing Program | 1,559,320 | 0 | 29,571,858 | 105.6 | 1,559,320 | 0 | 29,571,858 | 105.6 |
| C06 | Restore Position/Approp | 15,517,392 | 227 | 45,089,250 | 161.0 | 15,517,392 | 227 | 45,089,250 | 161.0 |

Executive Recommendation

| Change Level | | 2011-2012 | Pos | Cumulative | % of BL | 2012-2013 | Pos | Cumulative | % of BL |
|--------------|-------------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 28,012,538 | 274 | 28,012,538 | 100.0 | 28,012,538 | 274 | 28,012,538 | 100.0 |
| C01 | Existing Program | 1,559,320 | 0 | 29,571,858 | 105.6 | 1,559,320 | 0 | 29,571,858 | 105.6 |
| C06 | Restore Position/Approp | 15,517,392 | 227 | 45,089,250 | 161.0 | 15,517,392 | 227 | 45,089,250 | 161.0 |

Justification

| | |
|-----|---|
| C01 | We are requesting \$400,000 in Overtime appropriation with associated matching (\$81,320), Operating Expenses of \$478,000, Professional Fees of \$500,000 and Capital Outlay of \$100,000 to support increased workload demand due to becoming a regional social security service center (Mega DDS). These increases will support increase telecommunications costs for out-of-state phone traffic, office supplies, office space, equipment, and purchase of medical records. |
| C06 | We are requesting restoration of Micellaneous Federal Grant appropriations as follows: 227 positions, \$9,605,479 in Regular Salaries appropriation, \$150,000 in Extra Help, associated Personal Services Matching (\$3,017,013), Operating Expenses of \$494,900, and Professional Fees of \$2,250,000 to support increased workload demand due to becoming a Mega DDS and due to a recent increase in retirees. These increases will support increases in staffing and associated costs. |