

## **Analysis of Budget Request**

**Appropriation:** 2QQ - DDSSA-Operations

**Funding Sources:** FSD - 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.

DDSSA is responsible for the adjudicative process to make disability decisions in accordance with precise federal regulations. The Federal Social Security Administration is responsible for establishing criteria, approving the agency budget, issuing national instructions and developing policies and procedures. Applications for disability benefits are filed with Social Security district offices, who then forward the application to the State Agency to determine eligibility. Funding for the DDSSA is derived from federal reimbursements received from the Social Security Administration.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Base Level request is federal appropriation in the amount of \$24,543,904 in FY2010 and \$24,818,729 in FY2011 with two hundred thirty three (233) regular positions, and twenty (20) Extra Help positions.

The Agency's Change Level Request includes additional federal appropriation in the amount of \$3,219,332 in FY2010 and \$3,517,786 in FY2011 and includes the following:

- Regular Salaries - \$1,741,188 in FY2010 and \$1,780,618 in FY2011 with related Personal Services Matching for the restoration of thirty-four (34) positions authorized but not budgeted during FY2009. Also included is the continuation of seventeen (17) previously authorized Miscellaneous Federal Grant (MFG) positions. In turn, the Agency is discontinuing 17 currently authorized positions. The Agency is requesting continuation as Regular positions in order to provide sufficient staffing levels to accommodate new Social Security Administration regulations published in 2006 that mandate revised procedures at all levels of adjudication.
- Overtime - \$250,000 each year with related Personal Services Matching to continue previously authorized appropriation through a Miscellaneous Federal Grant in FY2009. The Social Security Administration will continue to provide funding to support this appropriation. This appropriation is necessary to eliminate a backlog of cases by reviewing disability claims waiting for face-to-face hearings with Federal Administrative Law Judges.

- Operating Expenses - \$283,702 in FY2010 and \$319,502 in FY2011 of which \$200,000 each year will provide for the Agency's Indirect Cost Expenses, which are billed to the Agency by the State of Arkansas for support services provided by the State including Accounting, Budgeting, Purchasing, Payroll, Information Technology, etc. The rest of the total is needed for increases in rent due to a new lease, office equipment and building and ground maintenance, and costs associated with travel including fuel, mileage, airfare, and food and lodging. Also included, are basic operational increases including postage, wireless phone service, courier, and office supplies.
- Professional Fees - \$209,400 in FY2010 and \$425,200 in FY2011 due to increases afforded to contract doctors and medical fees related to an expected increase in disability claims.
- Capital Outlay - \$100,000 each year to restore the currently authorized appropriation level. This appropriation is necessary for anticipated equipment expenses.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation. Due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation is to discontinue Special Language provisions for carry forward of appropriation.

## Appropriation Summary

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Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	9,891,886	11,052,788	11,932,406	12,697,577	12,697,577	12,697,577	12,966,132	12,966,132	12,966,132
<b>#Positions</b>		<b>257</b>	<b>250</b>	<b>284</b>	<b>284</b>	<b>284</b>	<b>284</b>	<b>284</b>	<b>284</b>	<b>284</b>
Extra Help	5010001	95,242	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
<b>#Extra Help</b>		<b>9</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Personal Services Matching	5010003	2,877,719	3,063,857	3,642,381	3,918,559	3,918,559	3,918,559	3,971,683	3,971,683	3,971,683
Overtime	5010006	273,166	460,000	210,000	460,000	460,000	460,000	460,000	460,000	460,000
Operating Expenses	5020002	2,234,210	2,441,998	2,441,998	2,725,700	2,725,700	2,725,700	2,761,500	2,761,500	2,761,500
Conference & Travel Expenses	5050009	15,185	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Professional Fees	5060010	7,196,964	7,370,000	7,370,000	7,579,400	7,579,400	7,579,400	7,795,200	7,795,200	7,795,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Total</b>		<b>22,584,372</b>	<b>24,770,643</b>	<b>25,978,785</b>	<b>27,763,236</b>	<b>27,763,236</b>	<b>27,763,236</b>	<b>28,336,515</b>	<b>28,336,515</b>	<b>28,336,515</b>

Funding Sources										
Federal Revenue	4000020	22,584,372	24,770,643		26,439,720	26,439,720	26,439,720	26,986,562	26,986,562	26,986,562
Total Funding		22,584,372	24,770,643		26,439,720	26,439,720	26,439,720	26,986,562	26,986,562	26,986,562
Excess Appropriation/(Funding)		0	0		1,323,516	1,323,516	1,323,516	1,349,953	1,349,953	1,349,953
<b>Grand Total</b>		<b>22,584,372</b>	<b>24,770,643</b>		<b>27,763,236</b>	<b>27,763,236</b>	<b>27,763,236</b>	<b>28,336,515</b>	<b>28,336,515</b>	<b>28,336,515</b>

Actual # of Positions is higher than Budget due to the approval of 17 Miscellaneous Federal Grant (MFG) positions in FY08. 257 positions were used, but never filled simultaneously over the Budget amount of 250.

Actual amount exceeds Authorized in Overtime due a transfer from the Miscellaneous Federal Grant Holding Account.

2007-2009 Special Language provided for the carryforward of appropriation in Capital Outlay from the first year of the biennium to the second year of the biennium. The actual amount that carried forward from FY2008 to FY2009 was \$100,000.