

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.

The Legislative Recommendation concurs with the Executive Recommendation and provides for additional appropriation, positions, and anticipated funding approved for inclusion in the appropriation bill.

Appropriation Summary

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Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	15,414,658	21,434,883	12,966,132	22,366,118	23,171,534	23,770,534	22,366,118	23,607,615	24,206,615
#Positions		450	501	284	501	501	538	501	501	538
Extra Help	5010001	289,152	390,000	240,000	390,000	390,000	390,000	390,000	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	7,067,032	7,198,104	7,318,604	7,067,032	7,280,088	7,400,588
Overtime	5010006	797,915	460,000	460,000	860,000	860,000	860,000	860,000	860,000	860,000
Operating Expenses	5020002	2,911,152	3,256,400	2,761,500	3,734,400	3,734,400	3,734,400	3,734,400	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	10,545,200	10,545,200	10,545,200	10,545,200	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	100,000	100,000	100,000	100,000	100,000	100,000
Total		33,213,808	42,254,044	28,336,515	45,089,250	46,025,738	46,745,238	45,089,250	46,543,803	47,263,303
Funding Sources										
Federal Revenue	4000020	33,213,808	42,254,044		45,089,250	46,025,738	46,745,238	45,089,250	46,543,803	47,263,303
Total Funding		33,213,808	42,254,044		45,089,250	46,025,738	46,745,238	45,089,250	46,543,803	47,263,303
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		33,213,808	42,254,044		45,089,250	46,025,738	46,745,238	45,089,250	46,543,803	47,263,303

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.

The Legislative Recommendation includes additional positions authorized through a subsequent transfer from the Miscellaneous Federal Grant Holding Account.