

Report Summary

Social Security Administration Office of the Inspector General

November 2009



Objective

To assess the impact of State budget issues on the Social Security Administration's (SSA) disability programs.

Background

Federal regulations state, "Subject to appropriate Federal funding, the State will, to the best of its ability, facilitate the processing of disability claims by avoiding personnel freezes, restrictions against overtime work, or curtailment of facilities or activities."

However, to address budget deficits, some States have instituted, or are considering, furloughs for State employees—including staff at the disability determination services (DDS), which are fully funded by SSA. Additionally, some States have implemented other measures, such as changes in hiring procedures, that may affect disability claims processing in the DDSs.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-01-10-11006.pdf>

Impact of State Budget Issues on the Social Security Administration's Disability Programs (A-01-10-11006)

Our Findings

State budget issues have affected SSA's disability programs. At the same time that SSA has experienced a surge in new disability claims, State furloughs have affected the Agency's ability to process claims—even though it has taken measures to address these issues. Additionally, State budget cuts have affected disability beneficiaries and recipients. At the time of our review, nine States had implemented, or were considering, furloughs for all DDS employees, and three States had implemented furloughs for some DDS employees.

In the States furloughing *all* DDS employees, the DDSs will encounter a shortfall of capacity up to 14 percent because of furlough days. As a result of furloughs, we expect approximately 69,000 disability cases to be delayed in processing over the next 12 months. This wait will result in about \$126.2 million in benefit payments being delayed to newly disabled claimants and from flowing into the economies of these States.

Matters for Consideration

The *Social Security Act* and Federal regulations give the Agency limited control over how the States set up and administer the DDSs, even though they are fully federally funded. However, SSA has been proactive in addressing the effect of furloughs, and some States have responded to the Agency's efforts to exempt the DDSs from furloughs and hiring freezes.