



SOCIAL SECURITY

MEMORANDUM

Date: December 31, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Office of Disability Adjudication and Review's Staffing Plans Under the *American Recovery and Reinvestment Act* (A-12-09-29140)

The attached final report presents the results of our review. Our objective was to assess the Social Security Administration, Office of Disability Adjudication and Review's staffing plans associated with funds provided under the *American Recovery and Reinvestment Act of 2009*.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr." with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Attachment

QUICK RESPONSE EVALUATION



***The Office of Disability Adjudication
and Review's Staffing Plans
Under the American Recovery
and Reinvestment Act***

A-12-09-29140



December 2009

Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.

OBJECTIVE

Our objective was to assess the Social Security Administration (SSA), Office of Disability Adjudication and Review's (ODAR) staffing plans associated with funds provided under the *American Recovery and Reinvestment Act of 2009* (ARRA).

BACKGROUND

ARRA provided SSA \$500 million to process increasing retirement and disability workloads¹ due to both the economic downturn and the baby boom retirement wave. ODAR was allocated a portion of the ARRA funds to hire additional staff in Fiscal Years (FY) 2009 and 2010.² The Agency anticipated additional hearing requests compared to FY 2008 due to the economic downturn.

Adequate hearing office staffing will be essential for ODAR to meet its workload goals.³ During FY 2009, ODAR processed approximately 660,800 hearing dispositions, maintained an average processing time of 491 days, and ended the FY with a pending level of about 722,800 cases. ODAR plans to process another 724,800 cases in FY 2010. By FY 2013, ODAR expects to eliminate the backlog, process cases in an overall average of 270 days, and reach a target pending level of 466,000 cases.⁴ ODAR expects to accomplish this while hearing receipts are expected to steadily climb and remain at a level exceeding 650,000 cases annually.

THE AGENCY'S ARRA PLAN

SSA is required to comply with Office of Management and Budget (OMB) Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, issued on April 3, 2009 (see Appendix B). It requires that

¹ Of the \$500 million mentioned above, \$40 million may be used for health information technology research and activities to facilitate the adoption of electronic medical records in disability claims. Pub. L. No. 111-5, Division A, Title VIII.

² This same funding will also support SSA's Office of Operations and disability determination services (DDS) with their increasing workloads. We reviewed their ARRA spending plans separately. See our November 2009 report, *The Office of Operations' Staffing Plans Under the American Recovery and Reinvestment Act of 2009* (A-09-09-29157); and our December 2009 report, *Disability Determination Services' Staffing Under the American Recovery and Reinvestment Act* (A-07-09-29156).

³ We are conducting a separate review of hearing office positions, including staffing ratios and the mix of skills among this staff. See SSA, Office of the Inspector General (OIG), *Hearing Office Performance and Staffing* (A-12-08-28088).

⁴ See our August 2009 report, *Office of Disability Adjudication and Review Management Information* (A-07-09-29162), for more on the Agency's efforts to reduce the backlog.

program-specific ARRA plans minimally include such information as program objectives; a funding table listing agency funding by program, project, and activity categories; kinds and scope of activities to be performed; delivery schedule with milestones for major phases of the program's activities; and savings or costs. In addition, the plans must include measures estimating expected quantifiable outcomes consistent with the intent and requirements of ARRA.⁵ Table 1 lists important dates in developing SSA's plans for spending ARRA funds.

Table 1: Workload Plans Development Timeline

Date	Plan Development Stage
April 9, 2009	Plans to Commissioner for review
April 10, 2009	Office of Strategic Services (OSS) releases draft plans to OMB
April 15, 2009	SSA receives OMB comments on draft plans
April 22, 2009	OSS releases modified draft plans to OMB
April 24, 2009	SSA receives OMB comments on modified draft plans
April 29, 2009	OSS releases final plans to OMB ¹

Note 1: The plan has been updated at least twice since the version issued to OMB on April 29, 2009.

SSA submitted a four-part plan to OMB containing an overall Agency-level plan and three specific plans: (1) administration of the one-time \$250 Economic Recovery Payments;⁶ (2) addressing disability and retirement workloads, including the development of health information technology; and (3) building a new National Support Center.⁷ The Disability and Retirement Workload Plan addressed the allocation of funding among the various components and programs, including funds for ODAR.

SCOPE AND METHODOLOGY

This evaluation is one of three related to SSA's planned hiring addressing disability and retirement workloads (staffing plan).⁸ This report comments on the portion of SSA's staffing plans related to ODAR. The two remaining evaluations focus on staffing in the Office of Operations and the DDSs.⁹ To perform our review, we spoke to ODAR budget and management staff and reviewed staffing and budget data (see Appendix C for a detailed scope and methodology).

⁵ OMB Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, April 3, 2009, Sections 2.7, 2.8 and Appendix 3.

⁶ SSA, OIG, *Economic Recovery Payments for Social Security and Supplemental Security Income Beneficiaries* (A-09-09-29143), issued May 2009.

⁷ We have additional ongoing reviews addressing the one-time payments and building of a new National Support Center.

⁸ For purposes of our report, "staffing plans" has the following specific meaning—SSA's planned use of ARRA funds to hire new employees and perform overtime to address the increasing disability and retirement workloads.

⁹ See *supra* footnote 2.

Results of Review

SSA allocated \$30 million to ODAR during FY 2009 and another \$93 million in FY 2010 to hire administrative law judges (ALJ) and support staff. However, at the time of our review, we estimated that the actual cost of the new hires will be less than ODAR planned for FY 2009. As part of a related review of staffing plans in the Office of Operations, the Agency recently issued an updated plan disclosing SSA's cost allocation methodology, as well as the impact of charging the average salary and benefits of all ODAR employees compared to the actual costs of the new hires.

OMB accepted SSA's plan for how it will spend ARRA resources to process additional hearing workloads. Nonetheless, we found the final staffing plan submitted to OMB did not provide information on a number of areas that would be useful to those relying on the staffing plan, including

- a clear breakout of ODAR's allocation in FY 2010 and anticipated use of overtime;
- the goals used to allocate new hires by location and skills; and
- the key productivity measures for the hearings workload, as well as factors that may affect productivity, while new hires are coming on board and being trained.

FUNDING, NEW HIRES, OVERTIME AND SALARY COSTS

The Agency's staffing plan provided the required information on how it planned to spend ARRA resources to process additional hearing workloads, as required by OMB's guidance. However, the staffing plan did not include specifics regarding ODAR's FY 2010 funding and hiring, or the anticipated use of overtime. Moreover, we estimated that actual hiring costs in FY 2009 will be lower than originally planned.

FUNDING AND NEW HIRES

The Agency's staffing plan stated that \$151 million was to be used in FY 2009 and another \$349 million in FY 2010 to address retirement and disability workloads. At the time of our review, ODAR was allocated \$30 million in FY 2009, but ODAR's FY 2010 allocation was not discussed. While not explicitly stated in the staffing plan, in discussions with SSA staff, we learned that another \$93 million will be allocated to ODAR in FY 2010 (see Table 2).¹⁰ We believe this information should have been included in the plan.

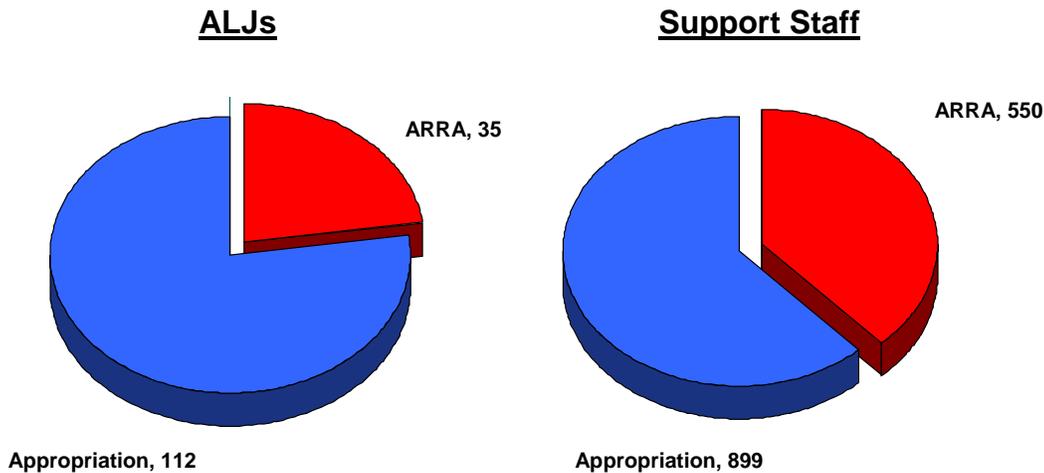
¹⁰ Only the DDS expenditures were clearly broken out in the staffing plan for FYs 2009 and 2010.

Table 2: ODAR Planned Expenditure of ARRA Funds

Fiscal Year	Total Funding	ODAR Funding	ODAR New Hires
2009	\$151 million	\$ 30 million	585
2010	\$349 million	\$ 93 million	NA
Total	\$500 million	\$123 million	585

The staffing plan stated ODAR planned to use the \$30 million allocated in FY 2009 to hire 550 new employees, as well as 35 ALJs, by June 30, 2009.¹¹ In addition to these 585 new hires, ODAR hired 899 support staff and 112 ALJs in the regions and National Hearing Centers (NHC) using funds from SSA's FY 2009 appropriation.¹² Figure 1 illustrates ODAR's FY 2009 staff and ALJ hiring from ARRA funds and its appropriation. ODAR staff stated that support staff and ALJ hiring will continue. During FY 2010, the Agency plans to hire 166 ALJs and 950 support staff and managers in the regions and NHCs above and beyond those who leave during the year.¹³

Figure 1: Distribution of FY 2009 Hires by Source of Funding



ACTUAL SALARY COSTS

ODAR designated new hires as relating to either ARRA or its regular FY 2009 appropriation with its personnel records. In August 2009, we worked with SSA's Office of Human Resources to obtain information on the anticipated costs of the ARRA new hires beyond the planned amount cited in the staffing plan. Since \$10 million of the

¹¹ This amount does not include interview, hiring, and training costs for ALJs and support staff. These costs are paid through regular appropriations.

¹² These figures include both replacement hires as well as new position hires. These figures do not include approximately 199 additional hires in FY 2009 at ODAR headquarters and the Office of Appellate Operations. See Appendix D for more details on these new hires.

¹³ ODAR expects to hire a total of 226 ALJs in FY 2010, replacing all ALJ losses and hiring 166 additional judges. ODAR staff did not provide anticipated staff and manager losses during the same period.

\$30 million in ARRA funding was related to overtime, ODAR planned to spend approximately \$20 million in salary costs for the new ALJs and support staff. Our review of the new hire earnings through August 14, 2009, as well as the addition of expected earnings through the end of FY 2009, estimated that about \$13 million would be spent on new hire salaries.¹⁴ When combined with the \$10 million in overtime, at the time of our review, we estimated ODAR would incur about \$23 million in ARRA costs in FY 2009, or about 77 percent of the FY 2009 ARRA funds allocated to ODAR.

As part of a related review,¹⁵ SSA issued an updated plan in November 2009 disclosing SSA's cost allocation methodology, as well as the impact of charging the average salary and benefits of all ODAR employees compared to the actual costs of the new hires. This new disclosure policy will allow SSA to report the actual salary costs associated with ODAR's share of the ARRA funds.¹⁶

OVERTIME

ODAR staff stated the office planned to spend \$10 million (33 percent) of the \$30 million in ARRA funds on overtime in FY 2009¹⁷ and another \$11 million (12 percent) of the \$93 million on overtime in FY 2010. The staffing plan states that in FY 2009, approximately 37 percent of ARRA funds would be used for overtime to process additional workloads, and in FY 2010 approximately 16 percent of the funds will be used for this purpose. However, the amount of expected overtime for each component—ODAR, Operations, and DDSs—was not clearly stated in the staffing plan.¹⁸ Since ODAR had such information, we believe a specific breakout of ODAR's anticipated use of overtime for the 2 FYs would have been useful to readers of the staffing plan.

¹⁴ We inflated the salary costs by 20 percent to account for other Agency costs not reflected in the employees' salaries, such as the Agency's portion of payroll taxes. We discussed our calculations and adjustments with staff in the Agency's Office of Finance.

¹⁵ SSA, OIG, *The Office of Operations' Staffing Plans Under the American Recovery and Reinvestment Act of 2009* (A-09-09-29157), November 2009.

¹⁶ The disclosure of additional information is consistent with the January 21, 2009, President's Memorandum on *Transparency and Open Government* as well as the December 8, 2009, OMB Memorandum directing executive departments and agencies to take specific actions to implement the principles of transparency, participation, and collaboration set forth in the President's Memorandum. See Memorandum for the Heads of Executive Departments and Agencies, *Transparency and Open Government*, January 21, 2009 (74 Federal Register 4685), and OMB Memorandum M-10-06, *Open Government Directive*, December 8, 2009.

¹⁷ In our discussions with ODAR staff, we were told that for FY 2009, ODAR was authorized 455 work years in overtime, of which 120 work years (26 percent) would be funded by ARRA.

¹⁸ In the staffing plan, the Agency stated, "One potential barrier to effective implementation that exists would be if SSA's front line employees chose not to use the overtime funded by [ARRA]. To mitigate the risk of this happening, SSA will monitor overtime usage through our regional and area offices and redistribute overtime if necessary."

ALLOCATION OF NEW HIRES AND SKILLS

The staffing plan does not provide specific information on the allocation of new hires by location or the skills being recruited. ODAR provided additional information on each of these areas, some of which was available before the staffing plan was provided to OMB.

LOCATION OF NEW HIRES

The Agency's staffing plan noted that, "Hearing offices will hire 550 support staff as well as 35 additional ALJs. This staff will be spread across the country to provide relief to those offices most in need. . . ." However, the Agency's staffing plan did not provide additional details on the allocation of such staff to States or even regions even though ODAR had management information that clearly indicated which hearing offices and regions required staff.

In our early discussions with ODAR staff, we were told that all of these new hires were to be assigned to a field location and none to Headquarters.¹⁹ In addition, we were provided a February 27, 2009 memorandum from the Deputy Commissioner of ODAR to the Regional Chief ALJs requesting staffing information from all components so that a national staffing plan could be finalized by March 6, 2009. This same memorandum provided proposed staffing allocations by regions and the NHCs. Therefore, we believe this proposed allocation of staff by location should have been included in the staffing plan.

In November 2009, ODAR provided updated information on where the new ALJs and staff were placed in FY 2009 (see Table 3 and Appendix D for total hiring in FY 2009). ODAR staff stated that all the newly hired individuals joined the Agency before June 30, 2009.²⁰

¹⁹ ODAR staff also stated that these ARRA hires were hired from outside SSA, whereas some of the hires under the FY 2009 appropriation included existing SSA employees moving to ODAR to fill positions.

²⁰ ODAR staff noted that all the expected hires had accepted the job offers even though they may have requested to start sometime after June 30, 2009.

**Table 3: Placement of ALJs and Support Staff Hired Under ARRA
(FY 2009)**

Region	Number of New ALJs	Number of New Support Staff	Total Hires
Region I: Boston	6	25	31
Region II: New York	4	28	32
Region III: Philadelphia	4	65	69
Region IV: Atlanta	3	138	141
Region V: Chicago	8	58	66
Region VI: Dallas	2	85	87
Region VII: Kansas City	0	16	16
Region VIII: Denver	0	6	6
Region IX: San Francisco	3	111	114
Region X: Seattle	5	18	23
Totals	35	550	585

The staffing plan did not discuss most of the assumptions and restraints related to allocating staff “across the country.” For instance, SSA’s Commissioner stated in March 2009 testimony that the Agency attempts to maintain a “. . . national average ratio of about 4.5 support staff per ALJ.”²¹ In addition, ODAR staff stated that during the component’s discussion with SSA’s Office of Budget, ODAR’s request for new hires in FY 2009 was restricted because of space constraints in specific field locations. ODAR staff stated some regions and hearing offices were facing space constraints because leases were signed for 5 to 10 years and new space takes time to acquire. Accordingly, hiring decisions at a particular ODAR location are based on total need minus space limitations. This is one of the reasons ODAR is implementing a number of initiatives to deal with its workload, including the addition of new hearing offices and NHCs, as well as expanded capacity at existing locations.

Presently, ODAR operates 142 hearing offices in 10 regions nationwide. At the time of our review, ODAR was planning to establish 13 additional hearing offices in FY 2010 (see Table 4), as well as satellite offices.²² These hearing offices are expected to be staffed with 111 ALJs and 585 staff employees, which is an overall staffing ratio of approximately 5.3 staff per ALJ. ODAR also established three new NHCs during FY 2009, and plans to open a fifth NHC in FY 2010.²³

²¹ *Hearing on Disability Backlogs and Related Service Delivery Issues*, Prepared Testimony of Michael J. Astrue, Commissioner of Social Security, before the Subcommittees on Social Security and Income Security and Family Support, House Committee on Ways and Means, March 24, 2009.

²² ODAR is expanding the Las Vegas, Nevada, Hearing Office and adding or expanding satellite offices in Fort Meyers, Florida; Boise, Idaho; Sioux Falls, South Dakota; and Harlingen, Texas.

²³ The first NHC opened in Falls Church, Virginia, in October 2007. Additional NHCs were opened in Albuquerque, New Mexico (March 2009); Chicago, Illinois (June 2009); and Baltimore, Maryland (July 2009). A fifth NHC is expected to open in St. Louis, Missouri, in May 2010.

Table 4: New Hearing Offices Planned for FY 2010

Hearing Office Location	ALJs	Staff ¹	Planned 2010 Opening Date
Anchorage, Alaska	2	11	February
St. Petersburg, Florida	11	54	May
Akron, Ohio	12	58	June
Livonia, Michigan	10	49	June
Madison, Wisconsin	6	30	June
Phoenix, Arizona	8	39	June
Tallahassee, Florida	5	45	June
Toledo, Ohio	10	49	June
Covington, Georgia	9	45	July
Topeka, Kansas	5	26	July
Fayetteville, North Carolina	9	58	August
Mt. Pleasant, Michigan	12	58	August
Valparaiso, Indiana	12	63	August
Totals	111	585	

Note 1: Staff includes decision writers and other support staff.

In addition to new NHCs, ODAR is expanding video hearing capacity through a number of other initiatives including additional video equipment in hearing offices, establishing claimant-only video rooms, piloting representative-owned video equipment, and incorporating desktop video units into hearing offices to assist with capacity issues.²⁴ Moreover, ODAR is establishing centralized units to assist with administrative and decision writing tasks and realigning hearing office service areas and/or transferring cases among regions to accommodate backlogs until capacity can be built in the affected areas.

SKILLS OF NEW HIRES

The staffing plan does not provide specific information on the skills of the new hires being recruited with the exception of the breakout between support staff and ALJs.²⁵ However, the February 27, 2009 memorandum from the Deputy Commissioner for ODAR also provided some guidance to hearing offices on the targeted mix of skills. The memorandum stated,

With respect to Hearing Office [full time positions], these positions should be utilized in offices to provide for a minimum decision writer ratio of 1.50 for each judge and 2.50 support staff (legal assistants, case intake specialists, case technicians, contact representatives, receptionists) for each judge subject to available space. If the [full time positions] allocation

²⁴ In addition, the Agency is using some of the \$16 million in ARRA funding to procure additional equipment and bandwidth for hearing offices (see Appendix E).

²⁵ See Appendix F for a sample hearing office organization chart.

received by the Region exceeds the available space in the hearing offices, the region may submit a proposal for centralized regional pulling and/or writing units with their staffing plan.

The number of positions placed in the hearing offices, as well as the skills related to each position, is critical in assisting ODAR with its backlog. Again, the targeted skills for the new positions were known before the Agency's staffing plan was released and should have been disclosed to achieve full transparency.²⁶

HEARING OFFICE PRODUCTIVITY

While the Agency's staffing plan has a hearing-related performance measure addressing the number of additional dispositions related to new hires, it did not address timeliness of hearings, another key measure. Moreover, the staffing plan did not highlight the factors that may affect ODAR's ability to increase productivity, such as the time it takes to hire and train new staff and ALJs.

KEY PERFORMANCE MEASURES

In the staffing plan, SSA committed to only one performance measure directly related to ODAR's disposition of cases—the number of hearings processed (to be reported monthly). ODAR's processing goal, as stated in its updated staffing plan,²⁷ is to process 37,000 additional hearings in FY 2009; and 88,000 additional hearings in FY 2010. However, SSA has a number of hearing-related performance measures related to dispositions and timeliness, which are ODAR's two key productivity measures, including

- process the budgeted number of hearings;
- achieve the target for number of hearings pending;
- achieve the target to eliminate the oldest hearings pending; and
- achieve the budgeted goal for average processing time in days for hearings.²⁸

²⁶ In our review of the new hires under ARRA, we determined that approximately 36 percent were attorneys (that is, decision writers) and the remaining 64 percent were support staff (that is, case technicians, receptionists, etc.). As noted earlier, ODAR hired beyond this number using SSA's FY 2009 appropriation. We did not determine the final mix of skills in each hearing office as a result of this new hiring. We are conducting a separate review of hearing office staffing that will provide more information related to hearing office ALJ to staff ratios as well as the mix of skills in each hearing office. See SSA, *Hearing Office Performance and Staffing* (A-12-08-28088).

²⁷ SSA posted an updated *Disability and Retirement Workload Plan* in mid-July with specific performance targets after we notified them that the numeric goals associated with the performance measures had not been provided to the public even though they had been finalized by the Agency.

²⁸ SSA, *Annual Performance Plan for Fiscal Year 2010 and Revised Final Annual Performance Plan for Fiscal Year 2009*.

We believe a timeliness measure in the staffing plan would have reemphasized the Agency's commitment to more timely hearings. For instance, the Agency planned to decrease the amount of time it takes to process a hearing to 516 days in FY 2009 and 508 days in FY 2010.²⁹ In addition, one of the Commissioner's ongoing initiatives is to reduce the number of aged hearings.³⁰ As a result, we believe that the staffing plan should have included these or similar performance issues.

In response to our report, SSA stated one performance measure was sufficient for reporting ODAR's results, noting the Agency was ". . . unable to conceptualize a measurable metric for pending, eliminating oldest hearings, or processing time that would meaningfully differentiate between the effects of ARRA and non-ARRA resources."

FACTORS RELATED TO THE METHODOLOGY

In its November 2009 update to its staffing plan, SSA stated ARRA-related overtime and productive new hire workyears will be prorated against the ARRA-targeted workloads. We are concerned that this methodology may not accurately measure new hires' affect on productivity, since new employees are not expected to be as productive as existing employees in the short term. ODAR staff stated that productivity may not improve initially because of the amount of time it takes for (1) new hires to reach the end of the learning curve associated with their new duties and (2) experienced employees to train and mentor them. On April 28, 2009, the Deputy Commissioner for Budget, Finance and Management made similar observations in testimony addressing workload funding, stating,

Realistically, new employees will not have an immediate impact on our current or backlogged workloads, as hiring and fully training new employees is a lengthy and resource-intensive process . . . The time spent training and mentoring, however, reduces the time our more experienced employees have to process their own work, reducing productivity in the short run.³¹

For example, ODAR reported it takes 10 months for an ALJ to reach the end of his/her learning curve. In addition, ODAR estimates it may take 5 months for attorneys,

²⁹ At the end of FY 2009, SSA reported that hearing processing time had decreased to 491 days.

³⁰ SSA has undertaken 37 initiatives in 4 areas to eliminate the backlog and prevent its recurrence: (1) compassionate allowances; (2) improving performance; (3) increasing adjudicatory capacity; and (4) increasing efficiency with automation and business processes.

³¹ *Oversight Hearing on SSA's Use of Recovery Funds*, Prepared Statement of Mary Glenn-Croft, Deputy Commissioner for Budget, Finance, and Management before the Subcommittee on Social Security, House Committee on Ways and Means, April 28, 2009.

paralegal specialists and legal assistants to reach the end of their learning curves.³² During this training and learning period, more experienced employees are expected to train and mentor these new hires, thereby reducing the time they can spend processing their own work. This learning curve may reduce productivity in the short term.

The Agency's staffing plan did not make any of these observations, which would have provided better accountability and transparency to the readers of these documents. Moreover, pro-rating workloads to two different populations—new hires and experienced employees—may lead to misleading results. Whereas no methodology may completely capture the impact of new hires on the hearings workload, putting the matter into context and adding appropriate caveats may produce more realistic expectations among those who rely on the Agency's planning documents.

³² The period of classroom training depends on the position for which a person is hired. ALJs attend 4 weeks of training, whereas attorneys and paralegal specialists attend 2 weeks of training, and legal assistants attend 1 week of training.

Matters for Consideration

ARRA provided SSA with \$500 million to help address the increasing disability and retirement workloads, of which \$123 million was allocated to ODAR for hiring additional personnel and for overtime. These funds will allow ODAR to fill existing offices to capacity and process more hearings. While the Agency has developed a plan to charge average costs for these positions, the actual costs will be lower by approximately \$7 million in FY 2009 based on our review of the actual salaries paid. We believe the additional plan disclosures added by the Agency will help to alert readers to this potential variance.

Moreover, while the staffing plan may have met OMB's requirements, it did not provide a number of details, assumptions, and context that would have provided greater accountability and transparency to the reader. In fact, some of these details were being shared in testimony before the final plan was submitted. Accordingly, to ensure the planning process is transparent to the public, we believe SSA should disclose in any future updates to the staffing plan, and/or the weekly reports posted on its ARRA Website, the following:

- a clear breakout of ODAR's allocation in FY 2010 and anticipated use of overtime;
- the goals used to allocate new ALJ and support staff hires by location and skills; and
- the key productivity measures for the hearings workload as well as factors that may impact productivity while new hires are coming on board and being trained.

Appendices

[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Office of Management and Budget Guidance

[APPENDIX C](#) – Scope and Methodology

[APPENDIX D](#) – Placement of Administrative Law Judges and Staff in Fiscal Year 2009

[APPENDIX E](#) – Additional Information Technology Investments

[APPENDIX F](#) – Sample Hearing Office Organization Chart

[APPENDIX G](#) – OIG Contacts and Staff Acknowledgments

Acronyms

ALJ	Administrative Law Judge
ARRA	<i>The American Recovery and Reinvestment Act of 2009</i>
DDS	Disability Determination Services
FY	Fiscal Year
HOCALJ	Hearing Office Chief Administrative Law Judge
NHC	National Hearing Center
ODAR	Office of Disability Adjudication and Review
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSS	Office of Strategic Services
Pub. L. No.	Public Law Number
SSA	Social Security Administration

Office of Management and Budget Guidance

The following guidance was provided in Office of Management and Budget (OMB) Memorandum M-09-10, *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, February 18, 2009.¹ Agency program plans were due to OMB no later than May 1st.

Agencies should work with their OMB representative to set an appropriate submission date and review process. These separate plans are required for each *American Recovery and Reinvestment Act of 2009* (ARRA) program specifically named in the legislation and corresponding to new Treasury accounts established. To the extent possible, each agency's Recovery Program Plan should be a summary of the specific ARRA projects and activities planned.

Each Recovery Program Plan must minimally include the following.

Funding Table: Agency funding listed by program, project, and activity categories, as possible. Funds returned to the program or any offsetting collections received as a result of carrying out recovery actions are to be specifically identified.

Objectives: A general description of the program's ARRA objectives and relationships with corresponding goals and objectives through ongoing agency programs/activities. Expected public benefits should demonstrate cost-effectiveness and be stated in concise, clear, and plain language targeted to an audience with no in-depth knowledge of the program. To the extent possible, ARRA goals should be expressed in the same terms as program goals in departmental *Government Performance and Results Act* strategic plans.

Activities: Kinds and scope of activities to be performed (for example, construction, provision of services, conduct of research and development, assistance to governmental units or individuals, etc.).

Characteristics: Types of financial awards to be used (with estimated amount of funding for each), targeted type of recipients, beneficiaries and estimated dollar amounts of total ARRA funding for Federal in-house activity, non-Federal recipients and methodology for award selection.

Delivery Schedule: Schedule with milestones for major phases of the program's activities (for example, the procurement phase, planning phase, project execution phase, etc., or comparable) with planned delivery date(s).

¹ OMB updated this guidance on April 3, 2009 in M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*.

Environmental Review Compliance: Description of the status of compliance with *National Environmental Policy Act*, *National Historic Preservation Act*, and related statutes.

Savings or Costs: Expected increases or reductions in future operational costs (for example, savings due to energy efficient facilities or increased operational costs as a result of having more buildings to manage and maintain).

Measures: Expected quantifiable outcomes consistent with the intent and requirements of the legislation and the risk management requirements of Section 3.5, with each outcome supported by a corresponding quantifiable output(s) (in terms of incremental change against present level of performance of related agency programs or projects/activities specified in the plan) – agencies must specify the length of the period between measurements (for example, monthly, quarterly), the measurement methodology, and how the results will be made accessible to the public. The measures currently used to report program performance in relationship to these goals (consistent with Administration policy) should be retained. In addition to reducing the burden on grant recipients and contractors, use of existing measures will allow the public to see the marginal performance impact of ARRA investments.

Monitoring/Evaluation: Description of the agency process for periodic review of the program's progress to identify areas of high risk, high and low performance, and any plans for longer term impact evaluation.

Transparency: Description of agency program plans to organize program cost and performance information available at applicable recipient levels.

Accountability: Description of agency program plans for holding managers accountable for achieving ARRA program goals and improvement actions identified.

Barriers to Effective Implementation: A list and description of statutory and regulatory requirements, or other known matters that may impede effective implementation of ARRA activities and proposed solutions to resolve by a certain date.

Federal Infrastructure Investments: A description of agency plans to spend funds effectively to comply with energy efficiency and green building requirements and to demonstrate Federal leadership in sustainability, energy efficiency and reducing the agency's environmental impact.

Scope and Methodology

To accomplish our objective, we:

- Reviewed the provisions related to the Social Security Administration (SSA) in the *American Recovery and Reinvestment Act of 2009* (ARRA) as well as Office of Management and Budget Memorandums providing guidance to agencies implementing provisions under ARRA.
- Reviewed testimony before Congress by the Commissioner and Deputy Commissioner of SSA as well as other relevant testimonies.
- Reviewed, analyzed, and assessed SSA's draft, final, and updated staffing plans associated with funds provided under ARRA for additional staffing for the Office of Disability Adjudication and Review (ODAR).
- Reviewed and analyzed SSA's draft methodology for tracking and reporting ARRA performance measures.
- Reviewed ODAR's staffing data for Fiscal Years 2008, 2009, and 2010 as well as ODAR's draft Service Delivery Plan.
- Discussed staffing and funding issues with staff within ODAR and the Office of Budget, Finance and Management.

We did not perform an assessment of the reliability of the workload and hiring data cited in this review. We performed our review from April through November 2009 in Falls Church, Virginia. We conducted our review in accordance with the President's Council on Integrity and Efficiency's¹ *Quality Standards for Inspections*.

¹ In January 2009, the President's Council on Integrity and Efficiency was superseded by the Council of the Inspectors General on Integrity and Efficiency, *Inspector General Reform Act of 2008*, Pub. L. No. 110-409 § 7, 5 U.S.C. App. 3 § 11.

Placement of Administrative Law Judges and Staff in Fiscal Year 2009

The tables below provide information on the placement of both administrative law judges (ALJ) and hearing office support staff funded by either the *American Recovery and Reinvestment Act of 2009* (ARRA) or the Fiscal Year (FY) 2009 Agency appropriation.

Table D-1: Placement of New ALJs in FY 2009

Region	Number of Hires Under ARRA	Number of Hires Under Appropriation	Total Hires ¹
Region I: Boston	6	2	8
Region II: New York	4	8	12
Region III: Philadelphia	4	20	24
Region IV: Atlanta	3	29	32
Region V: Chicago	8	17	25
Region VI: Dallas	2	10	12
Region VII: Kansas City	0	4	4
Region VIII: Denver	0	0	0
Region IX: San Francisco	3	14	17
Region X: Seattle	5	6	11
Baltimore National Hearing Center	0	2	2
Totals	35	112²	147

Note 1: The planned number of hires dropped from 157 to 153 after the Agency determined that 4 candidates did not meet the Agency's requirements. Of the 153 ALJ selections, 6 offers were declined. Office of Disability Adjudication and Review (ODAR) staff stated the Agency was awaiting a new ALJ list from the Office of Personnel Management.

Note 2: ODAR reported that 61 of the 118 hires under the FY 2009 appropriation were promotions from within SSA. An additional 6 Senior ALJs hired in FY 2009 are not included in the table above. ODAR staff said these Senior ALJs should not be included in the total ALJ hires since the positions are not full time permanent positions.

Table D-2: Placement of Hearing Office Support Staff in FY 2009

Region	Number of Hires Under ARRA	Number of Hires Under Appropriation¹	Total Hires
Region I: Boston	25	28	53
Region II: New York	28	69	97
Region III: Philadelphia	65	111	176
Region IV: Atlanta	138	215	353
Region V: Chicago	58	96	154
Region VI: Dallas	85	79	164
Region VII: Kansas City	16	42	58
Region VIII: Denver	6	26	32
Region IX: San Francisco	111	109	220
Region X: Seattle	18	39	57
National Hearing Centers	0	85	85
Totals	550	899²	1,449

Note 1: The new hire figures do not include approximately 199 hires at ODAR headquarters and the Office of Appellate Operations hired in FY 2009.

Note 2: This number includes permanent and temporary hires external to SSA plus reassignments, conversion, and promotions into ODAR from outside ODAR through September 30, 2009. It excludes students and ceiling exempt employees. In addition, if an individual was hired by the Agency, left and then returned they will be counted as two gains, though the number of employees in this situation is insignificant.

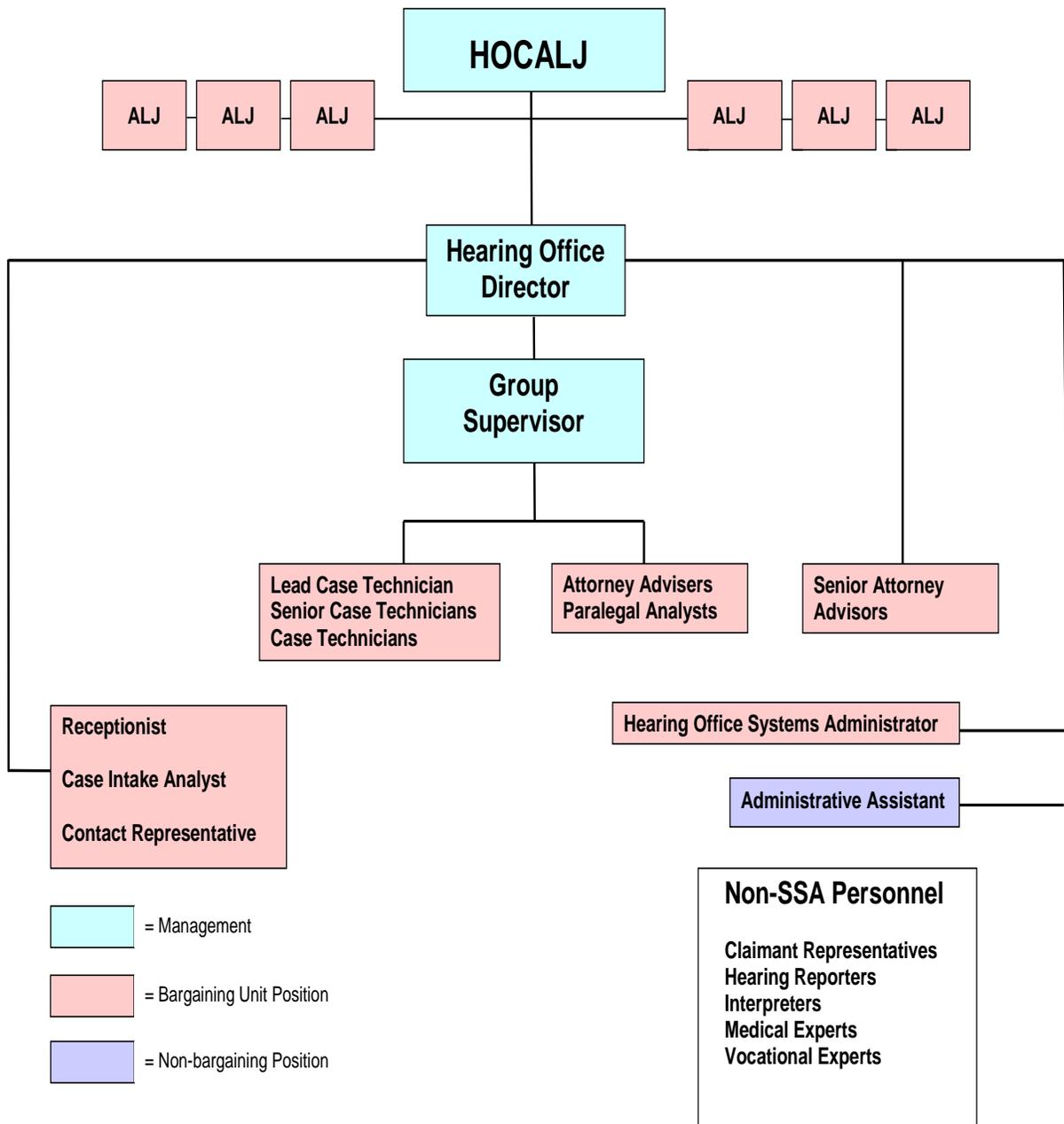
Additional Information Technology Investments

The Social Security Administration (SSA) allocated \$16 million of the *American Recovery and Reinvestment Act of 2009* funds to support the technology in hearing offices and other components. These investments will support the expansion of SSA's field operations as it hires more staff and administrative law judges.

Table E-1: Planned Expenditures to Expand Video Hearings

Items to be Procured	Estimated Cost
Bandwidth for hearing offices	\$ 589,489
Workstations, workstation software, printers and servers	5,540,645
Digital recording units for hearing rooms	770,000
Video teleconferencing sites including fax machines	2,872,028
Disability determination services iSeries upgrades	5,900,364
Reserve (in case actual costs exceed estimates)	327,474
Total	\$16,000,000

Sample Hearing Office Organization Chart



OIG Contacts and Staff Acknowledgments

OIG Contacts

Walter Bayer, Director, Chicago Audit Division

Nicholas Milanek, Audit Manager, Falls Church Office

Acknowledgments

In addition to those named above:

Ehab Bestawrose, Auditor-in-Charge

Mary Ann Braycich, Senior Program Analyst

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Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.