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.