

Deficit Reduction Leave Payment to New York State Division of Disability Determination Employees

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Office of Audit Report Summary

Objective

To determine the amount of Deficit Reduction Leave (DRL) payments New York State paid to Division of Disability Determinations (DDD) employees and claimed as a cost of determining disabilities for the Social Security Administration (SSA).

Background

In 2011, the Governor of New York negotiated with unions representing DDD employees to reduce workforce costs. One measure negotiated to reduce workforce costs was DRL. Per the DRL provision, the State reduced DDD employees' salaries by the value of 9 days in Fiscal Years 2011 through 2013. The employees were required to take 9 days of DRL in those years. Per the negotiated agreements, the State would repay DDD employees for part, or the full value, of the reduction in their salaries starting in 2015 or 2016. Additionally, the State would pay employees the balance owed them if they separated from service before they were fully repaid for DRL taken.

In July 2014, SSA's New York Regional Commissioner requested that we quantify the amount of DRL payments charged to SSA. This report provides the requested information.

Findings

From January 18, 2012 to November 5, 2014, New York State paid \$418,379 in DRL payments and claimed \$227,239 in related fringe benefits (for a total of \$645,618) to reimburse 219 separating DDD employees. The State included most of these payments as a cost of determining disabilities on Forms SSA-4513 submitted to SSA for reimbursement. SSA released funds to the State based on the SSA-4513s submitted.

Per New York State, as of the date of this review, it had been reimbursed for \$614,349 of the \$645,618 in DRL payments made and related fringe benefits claimed. It plans to include the remaining balance of payments on the next Form SSA-4513 it submits to SSA for the quarter ended December 31, 2014.

In total, the State expects to issue an additional \$3 million in payments over the next 3 years to reimburse DDD employees for DRL they were required to take.

Conclusion

As it has for the DRL payments already paid, the State plans to claim future DRL-related payments as a cost of determining disabilities for SSA. The State expects to pay DDD employees an additional \$3 million over the next 3 years to reimburse them for DRL.

While SSA advised the State that the DRL payments to DDD employees were not reimbursable under relevant SSA regulations and guidelines, the Agency did not actually deny reimbursement for the payments because it did not know the amount of DRL payments made. SSA provided us with a letter containing its determination that the DRL payments were not reimbursable. As SSA only asked us to quantify the amount of DRL payments made, our work focused on that specific objective. Our report quantifies the amount of DRL payments made as of November 5, 2014.