

Deficit Reduction Leave Payments 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 Office of Temporary and Disability Assistance, Disability Determination Division (DDD) employees and claimed as costs of determining disabilities for the Social Security Administration (SSA) from Fiscal Years (FY) 2015 through 2018.

Background

In 2011, the Governor of New York negotiated new labor contracts with two unions that represented DDD employees. DRL was included in both new contracts as a means of reducing workforce costs. Depending on the contract, the State agreed to repay DDD employees part or all of the value of the DRL in installments beginning in April 2015. The State paid DDD employees who separated before they received all installment payments the balance they were owed when they separated.

SSA advised New York State the DRL payments were not reimbursable. However, SSA did not disallow the State's requests to reimburse these costs because they were not specifically identified in the reimbursement requests.

Findings

New York State paid DDD employees about \$3 million in DRL payments and related fringe benefits for FYs 2015 through 2018. As of FY 2018, the State had fully reimbursed all DDD employees all DRL-related payments they were due.

	DRL Payment	Fringe Benefit	Total
2015	\$752,954	\$403,342	\$1,156,296
2016	1,109,992	601,016	1,711,008
2017	56,654	32,471	89,125
2018	92	55	147
Total	\$1,919,692	\$1,036,884	\$2,956,576

In 2015, we determined the State paid about \$600,000 in DRL payments and related fringe benefits in FYs 2012 through 2014. Combining this amount with the DRL payments identified in this report, the State reimbursed DDD employees about \$3.6 million from FYs 2012 through 2018.

Per New York State, as of the date of this review, SSA had reimbursed the State for about \$3.3 million of the claimed DRL payments. However, New York State subtracted the total amount of the FY 2013 DRL-related costs it had claimed on an earlier version of a *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) when it submitted its final FY 2013 Form SSA-4513. The State reported it had not revised its claims for DRL costs for any other FY.

Conclusion

While New York State was advised that DRL-related costs were not reimbursable as costs of determining disabilities, it still claimed about \$3.6 million for these costs from FYs 2012 through 2018. Because SSA only asked us to quantify the amount of DRL payments made, which we have included in the findings above, this report does not include any recommendations.