



## SOCIAL SECURITY

### **MEMORANDUM**

**Date:** August 30, 2010

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** The Social Security Administration's Hiring Under the American Recovery and Reinvestment Act of 2009 (A-12-10-11050)

The attached final quick response evaluation presents the results of our review. Our objective was to determine whether the Social Security Administration reported *American Recovery and Reinvestment Act of 2009* new hire data to the Office of Management and Budget timely and accurately. We also provided information on the status and characteristics of these new hires.

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 that appears to read "Patrick P. O'Carroll, Jr."

Patrick P. O'Carroll, Jr.

Attachment

# **QUICK RESPONSE EVALUATION**



*The Social Security Administration's  
Hiring Under the American Recovery and  
Reinvestment Act of 2009*

**A-12-10-11050**



August 2010

## **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.**

# ***Background***

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## **OBJECTIVE**

Our objective was to determine whether the Social Security Administration (SSA) reported *American Recovery and Reinvestment Act of 2009* (ARRA) new hire data to the Office of Management and Budget (OMB) timely and accurately. We also provided information on the status and characteristics of these new hires.

## **BACKGROUND**

ARRA was signed into law on February 17, 2009.<sup>1</sup> One goal of ARRA funding was to preserve and create jobs. ARRA provided SSA with \$500 million<sup>2</sup> to process the increasing disability and retirement workloads caused in part by the economic downturn and the leading edge of the baby boomer retirements. In its plan to use these ARRA funds,<sup>3</sup> SSA reported to OMB that the Agency planned to hire an additional 2,415 staff to process disability and retirement workloads in Fiscal Year (FY) 2009. This staff would be hired in the Offices of Operations (Operations) and Disability Adjudication and Review (ODAR), as well as the disability determination services (DDS), as shown in Figure 1.

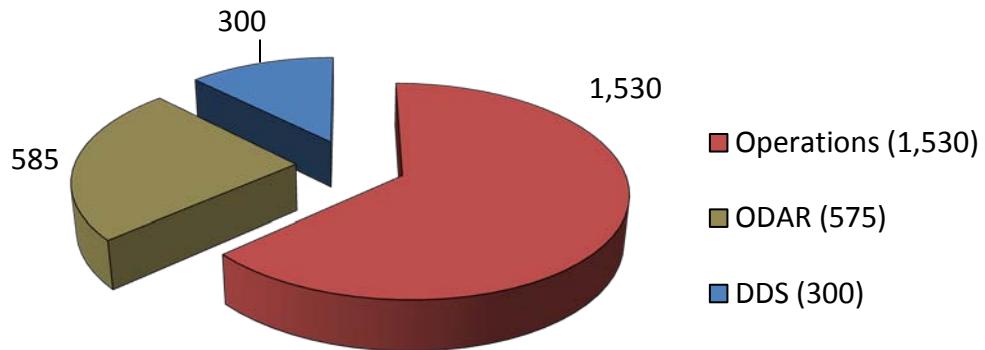
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<sup>1</sup> Pub. L. No. 111-5.

<sup>2</sup> Pub. L. No. 111-5, Division A, Title VIII, H.R. 1-71 to H.R. 1-72. ARRA allowed SSA to use up to \$40 million of these funds for health information technology research and activities to facilitate the adoption of electronic medical records in disability claims. Pub. L. No. 111-5, *supra* at H.R. 1-72.

<sup>3</sup> SSA's *Agency Wide ARRA Staffing Plan* and program-specific *Disability and Retirement Workload Plan* for the ARRA funds can be found at SSA's Internet Web site: [www.socialsecurity.gov/recovery/ReportPlan/DisabilityandRetirementWorkloadPlan.pdf](http://www.socialsecurity.gov/recovery/ReportPlan/DisabilityandRetirementWorkloadPlan.pdf). We reviewed this plan in earlier Office of the Inspector General (OIG) reviews (see Appendix B).

**Figure 1: Number of Staff Hired Under ARRA**



OMB issued guidance on spending and accounting for ARRA funds.<sup>4</sup> The OMB guidance specified that Federal agencies are required to provide spending and performance data to the *Recovery.gov* Website;<sup>5</sup> the official Government-run Website detailing ARRA spending by Federal agencies and non-Government recipients. *Recovery.gov* provides the public with a user-friendly tool to track how and where ARRA funds are spent.

SSA has also made its ARRA efforts available to the public on its Agency-run ARRA Website.<sup>6</sup> Moreover, SSA's *FY 2009 Performance and Accountability Report* refers readers to SSA's ARRA Webpage that highlights ARRA performance measures.

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<sup>4</sup> OMB M-09-10, *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, February 18, 2009, and OMB M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, April 3, 2009, Sections 2.7 and 2.8.

<sup>5</sup> OMB M-09-10, Cover Letter. The OMB guidance states that "To facilitate transparency and reporting, agencies should establish a page on their existing website dedicated to the Recovery Act (i.e., [www.agency.gov/recovery](http://www.agency.gov/recovery)), which will link to Recovery.gov and will provide a single portal for all agency-specific information related to the Act. Recovery.gov went live on February 17, 2009, the day President Obama signed the Act into law. The Recovery Accountability and Transparency Board, also created under ARRA, operates the site.

<sup>6</sup> SSA's ARRA Webpage is located at [www.socialsecurity.gov/recovery/](http://www.socialsecurity.gov/recovery/).

# **Results of Review**

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SSA timely reported aggregate FY 2009 staffing information to OMB and *Recovery.gov* relating to the number of ARRA employees hired in Operations, ODAR, and the DDSs. In addition, we reviewed a sample of new hire records and found the number of FY 2009 ARRA employees hired at Operations and ODAR to be accurate. At the time of our audit, about 8 percent of the Agency's new hires had separated from SSA because either they resigned or SSA terminated them. Because of the Agency's process for tracking employment at the DDS level, we were unable to verify the accuracy of the 300 DDS employees hired using ARRA funding. However, we were able to determine that FY 2009 hiring at DDS locations was consistent with the ARRA positions allocated by the Agency.

SSA used multiple hiring authorities to hire the 2,115 employees in Operations and ODAR. In terms of the most used hiring authority by component, approximately 74 percent of Operations' employees was hired using the Federal Career Internship Program (FCIP) authority, and 48 percent of the ODAR employees was hired using the traditional Competitive Service authority. About 6 percent of the total new employees at these components was appointed under the Veterans' Recruitment Appointment (VRA) authority. In our review of the sample cases, we identified two cases where military service information for new employees needed updating in SSA's system. In addition, we found that approximately 8 percent of the Agency's hires in our sample had previous Federal employment experience, including SSA interns who were converted to full-time employees.

## **REPORTED ARRA NEW HIRES**

SSA timely reported on the aggregate number of FY 2009 ARRA employees hired at Operations, ODAR, and the DDSs to OMB. However, while we were able to verify the accuracy of the ARRA-funded SSA new hires, we could not perform this test on the ARRA-funded DDS new hires because of the Agency's process for tracking employment at the DDSs. At the time of our audit, about 8 percent of the Agency's new hires reviewed had separated from SSA because they resigned or the Agency terminated them.

### **Timely Reporting of FY 2009 ARRA Hiring**

SSA timely reported the aggregate number of FY 2009 ARRA hires at Operations, ODAR, and the DDSs to OMB. SSA then posted this information on *Recovery.Gov*.<sup>7</sup> For example, the May 29, 2009 posting on *Recovery.Gov*, under the *Financial and Activity Report*, showed that the Agency had hired 1,514 employees in Operations, 299 employees in ODAR, and 267 employees at the DDSs. Under the

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<sup>7</sup> SSA staff sent weekly emails to OMB as well as *Recovery.Gov* (located at [recoverupdates@gsa.gov](mailto:recoverupdates@gsa.gov).)

September 25, 2009, *Financial and Activity Report*, SSA stated it had attained its ARRA goal of 2,415 new hires in the 3 components.

While the aggregate ARRA hires in the *Financial and Activity Report* were correct, the detailed counts by region were not accurate. For instance, we found that the Operations' new hire numbers reported on September 25, 2009, were off by 223 employees—New York Region new hires were not reported and the Dallas Region reported 29 new hires rather than 146 new hires. We also found other minor discrepancies between the year-end regional figures reported on Recovery.Gov and the final regional figures reported to us by Agency staff as part of this review.

### ARRA Hires in Operations

SSA provided us with details on the 1,530 employees hired in Operations in FY 2009 using ARRA funds. These new hires were expected to process disability and retirement workloads in SSA field offices, program service centers, and teleservice centers. Table 1 provides the reported location where the Operations employees were placed.<sup>8</sup>

**Table 1: New Hires in Operations Using FY 2009 ARRA Funds**

| Location                  | Number of New Hires |
|---------------------------|---------------------|
| Region 1: Boston          | 23                  |
| Region 2: New York        | 106                 |
| Region 3: Philadelphia    | 140                 |
| Region 4: Atlanta         | 446                 |
| Region 5: Chicago         | 191                 |
| Region 6: Dallas          | 146                 |
| Region 7: Kansas City     | 54                  |
| Region 8: Denver          | 29                  |
| Region 9: San Francisco   | 192                 |
| Region 10: Seattle        | 50                  |
| Operations (Headquarters) | 153                 |
| <b>Totals</b>             | <b>1,530</b>        |

We reviewed 50 randomly selected Operations employees hired using ARRA funding and found that all 50 employees were hired after SSA received the FY 2009 ARRA appropriation and before the end of FY 2009. We also verified that SSA issued a Standard Form 50—*Notification of Personnel Action* (SF-50)<sup>9</sup> for the 50 employees, with

<sup>8</sup> See Appendix D for more information on the location of Operations' ARRA-funded new hires. We cannot attest to the distribution among the regions and Operations since we only looked at a sample of new hires. In addition, the Agency may have updated these figures since our last review of the ARRA workload staffing plan (see Appendix B).

<sup>9</sup> The SF-50 documents the employee's Federal service and civil service status.

a special citation indicating that they were ARRA-funded positions.<sup>10</sup> Furthermore, we checked the SSA email accounts for the 50 employees and found that 7 did not have SSA email accounts.<sup>11</sup> We spoke to SSA staff and learned that these seven employees (14 percent of our sample) either resigned or had been terminated by the Agency and removed from SSA's email system.

### ARRA Hires in ODAR

SSA provided us with details on the 585 employees hired in ODAR in FY 2009 using ARRA funds. These new hires included administrative law judges and support staff who were assigned to process disability and retirement workloads in SSA hearing offices. Table 2 provides the reported location where the new ODAR employees were placed.<sup>12</sup>

**Table 2: New Hires in ODAR Using FY 2009 ARRA Funds**

| Location                | Number of New Hires |
|-------------------------|---------------------|
| Region 1: Boston        | 31                  |
| Region 2: New York      | 32                  |
| Region 3: Philadelphia  | 69                  |
| Region 4: Atlanta       | 141                 |
| Region 5: Chicago       | 66                  |
| Region 6: Dallas        | 87                  |
| Region 7: Kansas City   | 16                  |
| Region 8: Denver        | 6                   |
| Region 9: San Francisco | 114                 |
| Region 10: Seattle      | 23                  |
| <b>Totals</b>           | <b>585</b>          |

We reviewed 50 randomly selected ODAR employees hired using ARRA funding and found that all 50 employees were hired after SSA received the FY 2009 ARRA appropriation and before the end of FY 2009. We also verified that SSA issued an SF-50 for the 50 employees, with the correct code indicating they were ARRA-funded positions. We found that SSA accurately tracked all 50 employees by issuing a special citation on the SF-50 for each employee hired with ARRA funds. Furthermore, we checked the SSA email account for the 50 ODAR employees and found that 1 employee in our sample was no longer listed in SSA's email system because she resigned.

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<sup>10</sup> Per OPM guidance, a new Legal Authority Code "ZEA" was established and required on the SF-50 for new hires funded by the ARRA appropriation.

<sup>11</sup> We used this as an indicator of an employee's presence in the Agency since SSA establishes and terminates employee email accounts in connection with personnel actions.

<sup>12</sup> See Appendix D for more information on the location of ODAR's ARRA-funded new hires. We cannot attest to the regional distribution since we only looked at a sample of new hires. In addition, the Agency may have updated these figures since our last review of the ARRA workload staffing plan (see Appendix B).

## ARRA Hires in the DDS Offices

SSA provided us with the location of the 300 DDS employees hired in FY 2009 using ARRA funds (see Table 3),<sup>13</sup> but was unable to provide details on the specific individuals hired by the DDSs. SSA staff stated neither the Agency nor the DDS tracked specific individual employees hired using the FY 2009 ARRA funds. SSA only tracked the aggregate number of ARRA employees until the maximum of 300 employees had been hired. SSA staff said this approach was consistent with SSA's general procedures related to DDS personnel practices.<sup>14</sup> Moreover, the DDSs were not required to track the ARRA-funded employees hired in their personnel records. As a result, we were not able to associate specific DDS employees to ARRA-created positions, as we did with the Agency's new hires in Operations and ODAR.

**Table 3: New Hires at DDSs Using FY 2009 ARRA Funds**

| Location                | Number of New Hires |
|-------------------------|---------------------|
| Region 1: Boston        | 12                  |
| Region 2: New York      | 29                  |
| Region 3: Philadelphia  | 31                  |
| Region 4: Atlanta       | 118                 |
| Region 5: Chicago       | 41                  |
| Region 6: Dallas        | 17                  |
| Region 7: Kansas City   | 5                   |
| Region 8: Denver        | 2                   |
| Region 9: San Francisco | 28                  |
| Region 10: Seattle      | 17                  |
| <b>Totals</b>           | <b>300</b>          |

SSA staff informed us that the Agency had allocated ARRA money to the 10 regional offices with instructions that the first employees hired should be allocated to the ARRA-funded positions and later hires allocated to the FY 2009 annual appropriation. We examined SSA's *Staffing and Workload Analysis Report* (FD-15)<sup>15</sup> through the end of FY 2009 to determine whether the 29 States identified by the regions hired ARRA-

<sup>13</sup> See Appendix D for more information on the location of the DDS's ARRA-funded new hires. We cannot attest to the regional distribution since we did not review information on the specific individuals hired. In addition, the Agency may have updated these figures since our last review of the ARRA workload staffing plan (see Appendix B).

<sup>14</sup> Though DDS employees are not Federal workers, they are charged with processing and determining medical eligibility for claimants attempting to gain SSA disability benefits. SSA reimburses the DDS for 100 percent of allowable reported expenditures up to its approved funding authorization. Each DDS is responsible for establishing positions, recruiting, selecting new hires, and maintaining personnel records. In addition, the DDS' adhere to the applicable State-approved personnel standards for any individual employed in the DDS.

<sup>15</sup> The FD-15 is a DDS management report that provides disability case processing information and a FY to date count of all DDS employees including a cumulative count of employee hours worked each week.

funded employees at or above the ARRA allocation. In every case, we found the number of new hires exceeded the ARRA staff allocation. The DDSs also received funds for new employees from the FY 2009 Agency appropriation, so the fact that a DDS may have hired above the ARRA allocation was not deemed an issue.<sup>16</sup> While this process did not allow us to perform the same level of review for DDS new hires as we did with SSA's internal hires, we were able to confirm that DDS locations were meeting the hiring ARRA requirements under the Agency's criteria.

### **Turnover of ARRA New Hires**

After reviewing all of the ARRA new hire data for FY 2009, at the time of our audit we determined about 8 percent of the Agency's new hires had separated from SSA because they resigned or SSA terminated them. Of the 1,530 FY 2009 ARRA Operations employees hired, 134 (8.8 percent) had left SSA's employment. In the case of ODAR, 27 (4.6 percent) of the 585 new hires were no longer working at SSA. We reviewed 20 ARRA employees who were no longer working at the Agency—10 from Operations and 10 from ODAR—and found the following:

- 9 resigned for personal reasons;
- 4 were terminated;
- 4 found other jobs; and
- 3 left but did not provide a reason.

Operations backfilled 6 of the 10 vacant positions with new hires, though only 3 of these 6 new employees were annotated as ARRA-funded positions. ODAR staff could not confirm whether these 10 positions were backfilled with new hires because it did not have a reporting mechanism to obtain this information.

### **CHARACTERISTICS OF ARRA HIRES**

In our review of the 2,115 Agency hires in Operations and ODAR,<sup>17</sup> we found that SSA used multiple hiring authorities<sup>18</sup> for the ARRA employees hired in FY 2009. Approximately 74 percent of the Operations employees was hired using the FCIP hiring

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<sup>16</sup> As noted in our December 2009 report, *Disability Determination Services' Staffing Under the American Recovery and Reinvestment Act* (A-07-09-29156), SSA planned to hire 2,389 employees in addition to the 300 funded under ARRA to help with the increasing disability workloads.

<sup>17</sup> We could not provide details on DDS new hires because we lacked specific information, as noted earlier.

<sup>18</sup> See Appendix E for a further discussion of the hiring authorities.

authority,<sup>19</sup> and about 48 percent of the ODAR employees was hired under the Competitive Service hiring authority. About 6 percent of the total new employees at these components was appointed under VRA authority. See Table 4 for the hiring authority used and a basic definition of the hiring authority. In addition, about 8 percent of the Agency's new hires had previous Federal employment experience.

**Table 4: Hiring Authorities SSA Used for ARRA Employees**

| Authority                                  | Definition   |
|--|--|
| <b>Attorneys - Direct Hire<sup>1</sup></b> | Under the Direct Hire authority, agencies are responsible for establishing their own qualification requirements for attorney positions.  |
| <b>FCIP<sup>1</sup></b>                    | FCIP is an alternative external hiring procedure for filling entry-level career ladder positions through the GS-9 level. After successfully completing a 2-year training program, selectees are eligible for conversion to career/career-conditional appointments without further competition.   |
| <b>VRA</b>                                 | VRA authority may be used with veterans who have recently separated from active duty or to disabled veterans, as well as to veterans who have served in a campaign for which a badge was authorized. These appointments lead to conversion to career/career-conditional appointments without further competition after successful completion of 2 years of employment. |
| <b>Competitive Service</b>                 | Most Federal civilian jobs use this hiring authority based on competitive procedures and are open to the public.   |
| <b>Reinstatement</b>                       | This relates to the appointment of an individual to a Federal job who previously held career (unlimited eligibility from date of separation) or career-conditional (eligibility only for 3 years from the date of separation) status.  |
| <b>Reassignment</b>                        | This relates to the movement of a Federal employee to a different position or location. For example, the movement of an administrative law judge from one hearing office to another.   |
| <b>Transfer</b>                            | This relates to an employee transferring from one Federal agency to another.   |

Note 1: See Appendix E for a description of Excepted Service positions and provisions for Direct Hiring authorities for attorneys and FCIP appointments.

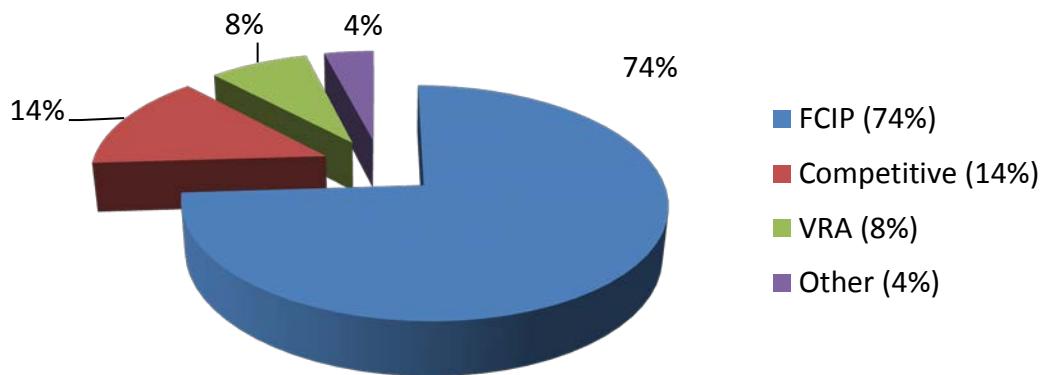
## Hiring Authorities

We reviewed the Governmentwide authorities to appoint 1,530 Operations ARRA-funded employees (see Figure 2). Approximately 74 percent of the Operations employees was hired using FCIP hiring authority. The FCIP is an excepted authority, and is used by agencies to hire promising external candidates identified through normal

<sup>19</sup> We learned Agency managers preferred to use FCIP because it (1) allowed quicker hiring under ARRA and (2) extended the new employee's period of evaluation. For instance, SSA managers stated the 2-year trial period allows supervisors to make better, more reasoned decisions concerning a trainee's ability to fulfill the full range of their target responsibilities than is possible with the 1-year probationary period associated with a Competitive Service appointment.

recruitment efforts. About 14 percent of Operations' employees was hired using Competitive Service hiring authority, the traditional method for making appointments to Federal positions.<sup>20</sup> About 8 percent of the Operations employees was hired using the VRA authority, and the remaining 4 percent was hired using "Other" authorities (reinstatement, reassignment, and transfer).<sup>21</sup>

**Figure 2: Hiring Authorities Used in Operations  
for 1,530 ARRA-Funded New Hires**



We also reviewed the ODAR authorities used to hire the 585 ARRA-funded employees (see Figure 3). About 48 percent of the ODAR employees was hired using the Competitive Service hiring authority. Another 33 percent was hired using a Schedule A exception, which allowed the direct hiring of attorneys.<sup>22</sup> About 16 percent was hired using the FCIP authority. The remaining 3 percent was hired using "Other" authorities (VRA, reinstatement, and disability appointments).<sup>23</sup>

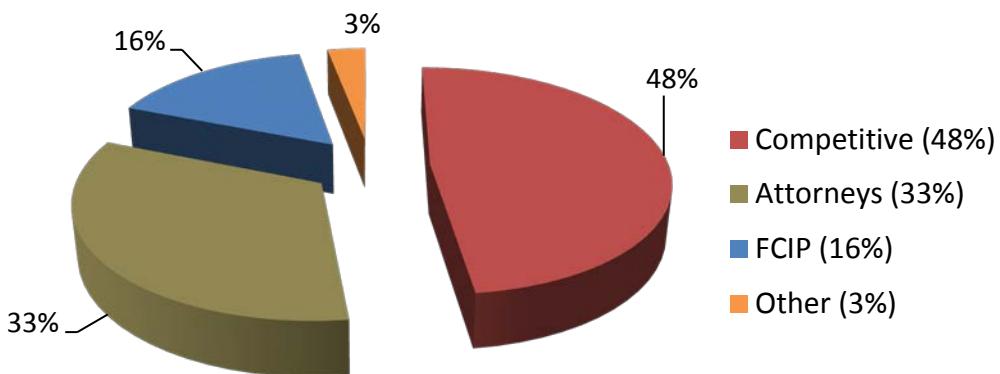
<sup>20</sup> The Competitive Service hiring authority uses standard qualification requirements to rate applicants by competitive procedures and are open to the public.

<sup>21</sup> See Appendix E for a further discussion of the excepted hiring authorities.

<sup>22</sup> Pursuant to 5 C.F.R. §§ 213.3101 and 3102(d), Attorney positions in the Federal Government are excepted from the Competitive Service, under an appointment called "Schedule A." Consequently, agencies may hire applicants for attorney positions without following the civil service hiring procedures and qualification standards normally used for Competitive Service jobs.

<sup>23</sup> Schedule A exceptions include disability appointments for applicants with mental retardation or a severe physical or psychiatric disability. Such applicants can fill any job they are able to perform with or without reasonable accommodation.

**Figure 3: Hiring Authorities Used in ODAR  
for 585 ARRA-Funded New Hires**



### Citizenship Test of ARRA Hires

Our review of the 100 sample ARRA hires (50 from Operations and 50 from ODAR) revealed that all of the employees are U.S. citizens. While only U.S. citizens may be appointed in the competitive civil service, Federal agencies may employ certain non-citizens who meet specific employability requirements in the excepted service or the Senior Executive Service.

By reviewing SSA's Numident<sup>24</sup> file, we found that 6 of the 100 new ARRA hires in our sample had a code indicating that SSA needed to verify their U.S. citizenship status.<sup>25</sup> We contacted SSA's Human Resources staff to verify that all of these employees had both an *Employment Eligibility Verification* (Form I-9) and the appropriate E-Verify checks.<sup>26</sup> We reviewed the documents furnished by SSA's Human Resource personnel and found that all six new hires were U.S. citizens based on completed E-Verify checks and Forms I-9.

<sup>24</sup> SSA's Numident is a repository for all issued Social Security numbers (SSN). The database contains information on each SSN owner, such as place of birth, father's name, and mother's maiden name.

<sup>25</sup> In January 2010, we released a report on *The Social Security Administration's Implementation of the E-Verify Program for New Hires* (A-03-09-29154).

<sup>26</sup> In August 2007, OMB mandated that all Federal agencies and departments begin verifying their new hires through E-Verify. E-Verify is an Internet-based system that allows an employer, using information reported on an employee's Form I-9, to determine the eligibility of that employee to work in the United States and helps to certify that employees hired are legally authorized to work in the United States. The program is operated by the Department of Homeland Security in partnership with SSA.

## VRA and Creditable Military Experience

About 6 percent of the total new employees in Operations and ODAR was appointed under VRA. We found that 3 of the 100 employees in our sample were hired under VRA authority. One of the three had a miscoded SF-50 indicating they had no creditable military service though the employee had claimed this service in his *Declaration of Federal Employment*. All honorable active duty military service is potentially creditable under the Government's retirement systems and would be relevant to the designation of VRA status. We notified SSA's Human Resources staff about the discrepancy.

In our review of the sample cases, we identified 10 employees who had claimed creditable military service though they were not hired under VRA authority. Among this group, we found another case where the SF-50 for one of the employees stated "no creditable military service." As with the first case, we shared this information with SSA's Human Resources staff.

## Previous Federal Hires

Eight of the 100 ARRA hires in our sample had previous Federal employment experience (see Table 5).<sup>27</sup> Five of the eight had transferred from other Federal agencies before being employed at SSA. The remaining three employees were already working at SSA—two were summer interns hired under ARRA as full-time employees, and one was a rehired annuitant.

**Table 5: FY 2009 ARRA New Hires with Previous Government Service**

| Component  | Details                         | Previous Agency                         |
|------------|---------------------------------|---|
| Operations | Summer Intern – hired full-time | SSA                                     |
| Operations | Summer Intern – hired full-time | SSA                                     |
| Operations | Rehired Annuitant               | SSA                                     |
| Operations | Continuous Federal Service      | Department of the Treasury              |
| Operations | Continuous Federal Service      | Legislative Branch                      |
| ODAR       | Continuous Federal Service      | Department of the Treasury              |
| ODAR       | Continuous Federal Service      | Department of Health and Human Services |
| ODAR       | Continuous Federal Service      | Department of Veterans Affairs          |

<sup>27</sup> We did not include military service as part of this definition since we discussed military service in a prior section.

## *Matters for Consideration*

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SSA timely reported aggregate FY 2009 staffing information to OMB and *Recovery.gov* related to the number of ARRA employees hired in Operations, ODAR, and the DDSs. While we found some of the supporting details reported by the Agency were inaccurate or incomplete, SSA timely reported the aggregate amount of new hires. SSA may want to review the supporting details in its FY 2009 submission and update it accordingly.

In terms of accuracy, we were able to verify the accuracy of the 2,115 new hires in Operations and ODAR. Moreover, at the time of our review, we found that about 8 percent of all the ARRA hires had already left the Agency. Because of the Agency's process for tracking employment at the DDS level, we were not able to associate specific DDS employees to ARRA-created positions. Nonetheless, we were able to confirm that DDS locations were meeting the hiring requirements under the Agency's criteria.

In general, we found that FCIP was an important component in the Agency's hiring strategy because of its ability to increase the pace of hiring and allow a longer period of employee evaluation. FCIP new hires represented about 58 percent of the total hires in Operations and ODAR when combined. We also found that about 8 percent of the ARRA hires in our sample had former Federal service, including SSA service. In the case of the employees we identified with missing creditable military service, we believe SSA should review these records and correct any discrepancies.

# **Appendices**

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**APPENDIX A** – Acronyms

**APPENDIX B** – Selected Office of the Inspector General Reports on the  
*American Recovery and Reinvestment Act of 2009*

**APPENDIX C** – Scope and Methodology

**APPENDIX D** – Fiscal Year 2009 *American Recovery and Reinvestment Act* Hiring and Placement

**APPENDIX E** – Hiring Authorities Used by the Social Security Administration for  
*American Recovery and Reinvestment Act* Fiscal Year 2009 Hires

**APPENDIX F** – OIG Contacts and Staff Acknowledgments

## ***Appendix A***

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### **Acronyms**

|             |   |
|-------------|---|
| ARRA        | <i>American Recovery and Reinvestment Act of 2009</i> |
| DDS         | Disability Determination Services                     |
| FCIP        | Federal Career Internship Program                     |
| FY          | Fiscal Year   |
| ODAR        | Office of Disability Adjudication and Review          |
| OIG         | Office of the Inspector General                       |
| OMB         | Office of Management and Budget                       |
| Operations  | Office of Operations                                  |
| OPM         | Office of Personnel Management                        |
| Pub. L. No. | Public Law Number                                     |
| SSA         | Social Security Administration                        |
| SSN         | Social Security Number                                |
| VRA         | Veterans' Recruitment Appointment                     |

#### **Forms**

|       |  |
|-------|--|
| I-9   | <i>Employee Eligibility Verification</i> |
| SF-50 | <i>Notification of Personnel Action</i>  |

# **Selected Office of the Inspector General Reports on the American Recovery and Reinvestment Act of 2009**

The following three evaluations on the Social Security Administration's (SSA) planned hiring and use of the *American Recovery and Reinvestment Act of 2009* (ARRA) funding were conducted by SSA's Office of the Inspector General (OIG).

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

The Office of Operations (Operations) developed an appropriate plan for its \$251 million in ARRA funds to process disability and retirement workloads. At the time of our review, Operations had hired 1,531<sup>1</sup> employees in front-line positions who were to be trained to process disability and retirement workloads. In addition, Operations planned to use approximately \$53 million of its ARRA funds for employees to work overtime to process disability and retirement workloads. However, we identified the following matters for attention to ensure ARRA funds are properly accounted for and efficiently used and their benefits are fully disclosed.

- SSA used a cost allocation methodology that charged ARRA funds based on the average work-year cost to process disability and retirement workloads. The charges based on this methodology are approximately \$195 million. However, the actual costs of the 1,531 new employees' salaries and benefits will only be approximately \$101 million.
- SSA did not disclose the cost of training time. The OIG reported that SSA's workload plan should separately disclose the estimated \$18 million in training costs since it is time spent in training rather than processing disability and retirement workloads.
- The performance measures did not identify all the anticipated benefits of the ARRA funds.

### ***The Office of Disability Adjudication and Review's Staffing Plans Under the American Recovery and Reinvestment Act (A-12-09-29140), December 2009***

SSA allocated \$30 million to Office of Disability Adjudication and Review (ODAR) in Fiscal Year (FY) 2009 and another \$93 million in FY 2010 to hire administrative law judges and support staff. However, at the time of the review, we estimated the actual

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<sup>1</sup> SSA has updated the number of ARRA staff hired in Operations since the issuance of this report.

cost of the new hires would be less than ODAR planned for FY 2009. As part of a related review of staffing plans in Operations, the Agency 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.

The Office of Management and Budget (OMB) accepted SSA's plan for how it would 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.

#### ***The Disability Determination Services' Staffing Plans Under the American Recovery and Reinvestment Act (A-07-09-29156), December 2009***

SSA developed an appropriate plan for the \$87 million received in ARRA funds to process disability workloads. At the time of our review, the disability determination services (DDS) had hired all 300 of the ARRA-funded employees who would be trained to process disability workloads. In addition, SSA planned to use \$23 million of the ARRA funds for DDS employees to work overtime processing disability workloads and \$10 million for DDS indirect costs.

We identified the following matters for consideration to ensure ARRA funds are properly accounted for, and efficiently used, and their benefits are fully disclosed.

- SSA used a cost allocation methodology that charged ARRA funds based on the average workyear cost to process disability and retirement workloads instead of the actual cost. In our November 2009 report on ARRA funds allocated to Operations, we recommended SSA disclose its cost allocation methodology, the cost of new hires, and any overtime for processing disability and retirement workloads funded from the ARRA appropriations. In response to our recommendation, SSA revised its retirement and disability workload plan to make the recommended disclosures.
- The one performance measure for DDSs in the *Disability and Retirement Workload Plan* does not disclose all the anticipated benefits of the ARRA funds.

## **Appendix C**

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### **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 SSA's *Agency Wide ARRA Staffing Plan*, a program-specific *Disability and Retirement Workload Plan*, and SSA's *Fiscal Year 2009 Performance and Accountability Report*.
- Reviewed information posted to the *Recovery.gov* Website and the Agency's *Financial Activity and Management Report*.
- Spoke with regional human resource directors and interviewed management staff from SSA's Offices of Operations (Operations); Disability Adjudication and Review (ODAR); and Human Resources in Headquarters.
- Reviewed a random sample of 100 records for ARRA hires (50 ARRA hires at Operations and 50 ARRA hires at ODAR) and verified the information against the *Standard Federal Notification of Personnel Actions Form* (SF-50), SSA email accounts, Numident records, and other SSA records.
- Examined SSA's *Staffing and Workload Analysis Report* (FD-15) for the disability determination services' hiring through the end of Fiscal Year 2009.

With the exceptions stated in the findings of this report, we found the ARRA-funded new hire data in the personnel records for SSA hires to be reliable. The entities reviewed were Operations and the Office of Disability Determinations under the Deputy Commissioner for Operations and ODAR under the Deputy Commissioner for Disability Adjudication and Review. We performed our review from February through June 2010 in Falls Church, Virginia. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspections*.

## *Fiscal Year 2009 American Recovery and Reinvestment Act Hiring and Placement*

We examined the Fiscal Year (FY) 2009 ARRA-funded hiring for staff at the Social Security Administration's Offices of Operations (Operations) and Disability Adjudication and Review (ODAR), as well as the disability determination services (DDS).<sup>1</sup> We found that the most ARRA-funded hires were in California (285), Florida (217), and Maryland (171), as shown in Table D-1. Wyoming and Vermont did not have any ARRA hires.

**Table D-1: FY 2009 ARRA Hires**

| Location             | Operations | ODAR | DDS | Total |
|----------------------|------------|------|-----|-------|
| Alabama              | 107        | 22   | 1   | 130   |
| Alaska               | 4          | 0    | 3   | 7     |
| Arizona              | 24         | 9    | 6   | 39    |
| Arkansas             | 21         | 14   | 0   | 35    |
| California           | 158        | 105  | 22  | 285   |
| Colorado             | 20         | 4    | 1   | 25    |
| Connecticut          | 2          | 12   | 1   | 15    |
| Delaware             | 6          | 1    | 0   | 7     |
| District of Columbia | 5          | 4    | 10  | 19    |
| Florida              | 142        | 33   | 42  | 217   |
| Georgia              | 73         | 16   | 2   | 91    |
| Hawaii               | 5          | 0    | 0   | 5     |
| Idaho                | 7          | 0    | 0   | 7     |
| Illinois             | 63         | 15   | 2   | 80    |
| Indiana              | 12         | 8    | 2   | 22    |
| Iowa                 | 4          | 4    | 0   | 8     |
| Kansas               | 2          | 2    | 5   | 9     |
| Kentucky             | 40         | 17   | 0   | 57    |
| Louisiana            | 34         | 21   | 0   | 55    |
| Maine                | 2          | 5    | 1   | 8     |
| Maryland             | 158        | 13   | 0   | 171   |
| Massachusetts        | 11         | 5    | 6   | 22    |
| Michigan             | 40         | 16   | 1   | 57    |
| Minnesota            | 9          | 4    | 8   | 21    |
| Mississippi          | 6          | 9    | 0   | 15    |
| Missouri             | 43         | 9    | 0   | 52    |
| Montana              | 1          | 0    | 0   | 1     |

<sup>1</sup> The Agency may have updated these figures since our last review of the ARRA staffing plan (see Appendix B).

| <b>Location</b> | <b>Operations</b> | <b>ODAR</b> | <b>DDS</b> | <b>Total</b> |
|-----------------|-------------------|-------------|------------|--------------|
| Nebraska        | 5                 | 1           | 0          | 6            |
| Nevada          | 6                 | 0           | 0          | 6            |
| New Hampshire   | 7                 | 8           | 0          | 15           |
| New Jersey      | 12                | 7           | 25         | 44           |
| New Mexico      | 18                | 6           | 0          | 24           |
| New York        | 85                | 16          | 4          | 105          |
| North Carolina  | 31                | 7           | 36         | 74           |
| North Dakota    | 2                 | 2           | 0          | 4            |
| Ohio            | 51                | 15          | 28         | 94           |
| Oklahoma        | 5                 | 5           | 0          | 10           |
| Oregon          | 10                | 11          | 13         | 34           |
| Pennsylvania    | 71                | 23          | 0          | 94           |
| Puerto Rico     | 9                 | 9           | 0          | 18           |
| Rhode Island    | 1                 | 1           | 4          | 6            |
| South Carolina  | 9                 | 11          | 17         | 37           |
| South Dakota    | 1                 | 0           | 0          | 1            |
| Tennessee       | 37                | 26          | 20         | 83           |
| Texas           | 68                | 41          | 17         | 126          |
| Utah            | 5                 | 0           | 1          | 6            |
| Vermont         | 0                 | 0           | 0          | 0            |
| Virginia        | 42                | 17          | 19         | 78           |
| Washington      | 29                | 12          | 1          | 42           |
| West Virginia   | 11                | 11          | 2          | 24           |
| Wisconsin       | 16                | 8           | 0          | 24           |
| Wyoming         | 0                 | 0           | 0          | 0            |
| <b>Total</b>    | <b>1,530</b>      | <b>585</b>  | <b>300</b> | <b>2,415</b> |

## **Appendix E**

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# **Hiring Authorities Used by the Social Security Administration for *American Recovery and Reinvestment Act* Fiscal Year 2009 Hires**

The U.S. Office of Personnel Management (OPM) provides Excepted Service hiring authorities, which permits hiring outside of the Competitive Service to fill special jobs or to fill any job in unusual or special circumstances. These Excepted Service authorities enable agencies to hire individuals when it is not feasible or practical to use traditional competitive hiring procedures. Direct-hire authority streamlines hiring, allowing agencies to appoint candidates directly to positions.<sup>1</sup> A description of two of these Excepted Service appointments follows.

### **Schedule A Hiring Authority**

Agencies must use Schedule A hiring authority for attorneys because, by law, OPM cannot develop qualification standards or examinations for attorney jobs. Agencies can use exceptions for other special jobs, including chaplain, law clerk trainee, medical doctor, dentist, certain interpreters, experts for consultation purposes, and some others.

### **Schedule B Hiring Authority**

Agencies may use Schedule B hiring authority to fill Federal Career Internship Program positions, an alternative external hiring procedure for filling entry-level career ladder positions through the GS-9 level. After the successful completion of a 2-year training program, selectees are eligible for conversion to career/career-conditional appointments without further competition. Agencies may also use Schedule B hiring authority for the Student Temporary Employment Program and the Student Career Experience Program.

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<sup>1</sup> Direct-hire authority allows agencies to appoint candidates directly to positions where OPM determines there is a severe shortage of candidates or a critical hiring need. When making appointments under direct-hire authority, agencies are not required to numerically rate and rank applicants nor apply the rule of three for veterans' preference. Agencies still provide public notice of the vacancies and screen all applicants to ensure that they meet the basic qualification requirements of the position to be filled.

## ***Appendix F***

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# **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:

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For additional copies of this report, please visit our Website at  
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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.