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Employment Network Payment Structure Evaluation

Structure of EN Payments under Two Recent Legislative Proposals

Final Report for Task A2

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About This Report

Under a quick turnaround call order, the Social Security Administration (SSA) asked Abt Associates to conduct research to analyze service provider payment structures. The objective of the call order is to help SSA determine whether there are feasible alternatives to the Milestone/Outcome and Outcome payment systems that SSA currently uses to pay the Employment Networks (ENs) that serve beneficiaries in the Ticket to Work (TTW) program.

SSA is seeking recommendations for how payments to ENs could be structured, and how these payment structures, and the change in benefit rules, would affect the costs and benefits of TTW. This document reports on the results of research activities that Abt completed to address SSA's research question: How could EN payments be structured under a recent legislative proposal that would replace current Social Security Disability Insurance earnings rules with a tiered earning structure and simplified work incentives? The appendix of this report examines a second proposal that would reposition the TTW program to the Department of Labor.

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LIST OF EXHIBITS

Acronyms and Abbreviations

AJC	American Job Center
BOND	Benefit Offset National Demonstration
BYA	BOND Yearly Amount
DOL	Department of Labor
EITC	Earned Income Tax Credit
EN	Employment Network
EPE	Extended Period of Eligibility
ETA	Employment and Training Administration
IPS	Individual Placement and Support
POD	Promoting Opportunity Demonstration
RFI	Request for Information
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
TTW	Ticket to Work
TWP	Trial Work Period
VR	Vocational Rehabilitation
WIOA	Workforce Innovation and Opportunity Act

Executive Summary

Through the Ticket to Work program (TTW), the Social Security Administration (SSA) pays Employment Networks (ENs) for providing employment services to beneficiaries receiving Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).

ENs are currently paid through two payment systems—the Milestone/Outcome system and the Outcome system—in which they are eligible for payments when the beneficiaries they serve achieve earnings above established thresholds.

This report considers the implications of a legislative proposal, The Enhance Work and Earnings Opportunities for People with Disabilities Proposal (hereafter "the Proposal"), for the TTW program. The Proposal would change the rules for how SSDI benefits change in response to beneficiaries' earnings. Currently, SSA makes no change to benefits for earnings under the Substantial Gainful Activity (SGA) level, but in general reduces benefits to $0 in months in which a beneficiary earns at or above the SGA level. This precipitous drop in benefits is referred to as the "cash cliff." SSA also offers several provisions under the SSDI program, referred to as "work incentives." Work incentives allow for several months in which beneficiaries can earn as much as they like without changing their benefits; and allow beneficiaries to exclude some of their earnings from comparison to the SGA level, and to retain eligibility after they have begun to receive $0 benefits. This latter feature ensures that they can automatically receive benefits again, assuming their disability impairment remains, should their monthly earnings drop below the SGA level within the 36 months following a suspension of SSDI benefits due to earnings.

The Proposal would remove both the cash cliff and these work incentives and instead reduce SSDI benefits in a series of four steps. Beneficiaries earning less than 50 percent of SGA would receive their full benefit amount. When earning at least 50 percent and less than 100 percent of SGA, they would receive 75 percent of their benefit amount. When earning at least 100 percent and less than 150 percent of SGA, they would receive 50 percent of their benefit amount. And when earning at least 150 percent and less than 200 percent of SGA, they would receive 25 percent of their benefit amount. Beneficiaries who earned 200 percent of SGA would receive $0 in SSDI benefits, and their entitlement would be terminated after 12 consecutive months of $0 in benefits.

If the Proposal were to become law, then SSA would need to make at least some changes to TTW rules. For example, one of the payments to ENs under the current TTW rules is triggered when Ticketholders achieve earnings at the Trial Work Period (TWP) level. Since the Proposal would remove the TWP, SSA would need to set an earnings level to trigger this payment, rather than relying on the TWP. SSA might want to make additional changes to the payment structure in order to establish a structure that both aligns with the Proposal and furthers TTW program goals. To assist SSA in considering how to change the EN payment structure, this report discusses the ways in which the Proposal would change the environment for TTW, and the implications of those changes. We separate the change into four parts, two that are first-order reactions and two that are second-order reactions to the Proposal.

The two first-order reactions to the Proposal are:

- **Beneficiaries' response**. The Proposal could affect beneficiaries' choices about how much to earn, and their likelihood of achieving the earnings thresholds in TTW with a given amount of EN support. We would expect that the distribution of earnings would change considerably, although average earnings might not. In particular, the proportion of SSDI beneficiaries earning between 100 percent and 200 percent of SGA would likely increase.
- **SSA's TTW changes**. SSA would make changes to the EN payment structure used for TTW. These payment structure changes could be extremely modest or quite broad.

The two second-order reactions to the Proposal are:

- **ENs' responses**. ENs would react to beneficiaries' behavior, the TTW payment system, and the interaction of the two. From the EN perspective, the relevant questions are about how much effort they must expend and how long they must wait to obtain payments, and the value of those payments.
- **Implications of EN responses**. Beneficiaries' earnings might be further affected by EN behavior, if ENs change the number of Ticketholders they serve, the types of Ticketholders they serve, or how they provide services.

These four parts (two first-order reactions and two second-order reactions) would have implications for the payments ENs receive, for beneficiary earnings and benefits, and ultimately for SSA's budget.

We address three types of payment structures that SSA might select, focusing on specific examples to illustrate how the four parts of the Proposal's implications would be realized. The three types of payment structures are what we call (1) Adapted POD, (2) Modified POD, and (3) Simplified Structures. The first would involve adapting the current payment structure used for beneficiaries participating in the Promoting Opportunity Demonstration (POD). The second would modify the payment structure currently used for POD treatment group members to reflect the earnings levels that would be most salient under the Proposal. The third would involve adopting a new, simplified system. For each of these payment structures, this report explores the likely reactions by ENs if the Proposal were to become law and that payment structure was in place. We also discuss the implications of ENs' reactions for beneficiaries' work and earnings. We conclude with a summary of ways in which the new environment might differ from the current one, and suggestions for future research.

The appendix of this report addresses a second legislative proposal, that would transfer TTW program administration to the Department of Labor. We provide some general considerations regarding the proposal based on existing literature, a review of key comments provided by the public in response to the Request for Information that the Department of Labor published in September 2020, and Abt's knowledge of the Workforce Innovation and Opportunity Act (WIOA) and the TTW program.

1. Introduction and Background

The Social Security Administration (SSA) uses two payment systems—the Milestone/Outcome payment system and the Outcome payment system—to pay the Employment Networks (ENs) that serve beneficiaries in the Ticket to Work (TTW) program. Through the Employment Network Payment Structure Evaluation, SSA contracted Abt Associates to analyze payment structures to inform SSA decisions about changing these structures. This document, the second of two reports, considers how SSA might change the EN payment structure if SSA adopted a proposed change to Social Security Disability Insurance (SSDI) benefit rules. These sections analyze the implications of changing the rules and the payment structure of the TTW program.

1.1 Background

The current TTW payment structure offers ENs their choice of being paid under the Milestone/Outcome payment system or the Outcome payment system. The design of both payment systems gives providers incentives to help beneficiaries return to work and rely less on disability benefits. The TTW program currently pays participating ENs when beneficiaries whose Ticket assignments they hold achieve predetermined work and earnings milestones.

- The *Milestone/Outcome Payment System* pays ENs when beneficiaries achieve certain earnings thresholds, and when benefits are suspended or terminated due to earnings that meet or exceed the Trial Work Period (TWP) or Substantial Gainful Activity (SGA) threshold. The Milestone/Outcome system includes three kinds of payments. Phase 1 Milestone payments are made based on months with earnings that meet or exceed the TWP threshold. Phase 2 Milestone payments are made for months with earnings that meet or exceed the SGA threshold when benefits have not yet been terminated or suspended. Outcome payments are made for months in which benefits are suspended or terminated due to earnings.[1]
- The *Outcome Payment System* makes payments to ENs when beneficiaries' benefits are suspended or terminated due to earnings.

The Ticket to Work Program

TTW was authorized under the Ticket to Work and Work Incentives Improvement Act of 1999. The program provides SSA disability beneficiaries with expanded access to rehabilitation and employment services. SSA provides beneficiaries with a Ticket that they can use to obtain vocational rehabilitation, employment, and other support services from participating providers called employment networks.

ENs are public, nonprofit, or private organizations that provide employment-related services—such as counseling, career planning, job search assistance, and ongoing work supports, including workplace accommodations—to Ticketholders.

The TTW program offers slightly different payments for beneficiaries who receive SSDI and those who receive only Supplemental Security Income (SSI) payments. The earnings and benefit levels that trigger payments are the same for all beneficiaries, but in some cases a greater number of payments, each with lower value, are offered for SSI-only beneficiaries.

Because SSA pays ENs when the Ticketholders with whom they work achieve earnings thresholds, ENs have an incentive to engage with Ticketholders with strong chances of sustained employment. An

[1] In 2021, monthly earnings of $940 trigger a TWP month. The 2021 SGA earnings threshold for persons with disabilities other than blindness is $1,310 per month, and the 2021 SGA threshold for persons who are blind is $2,190 per month.

implication of using one of the existing payment structures is that Ticketholders who face greater barriers to work may have a harder time finding an EN to engage with them.

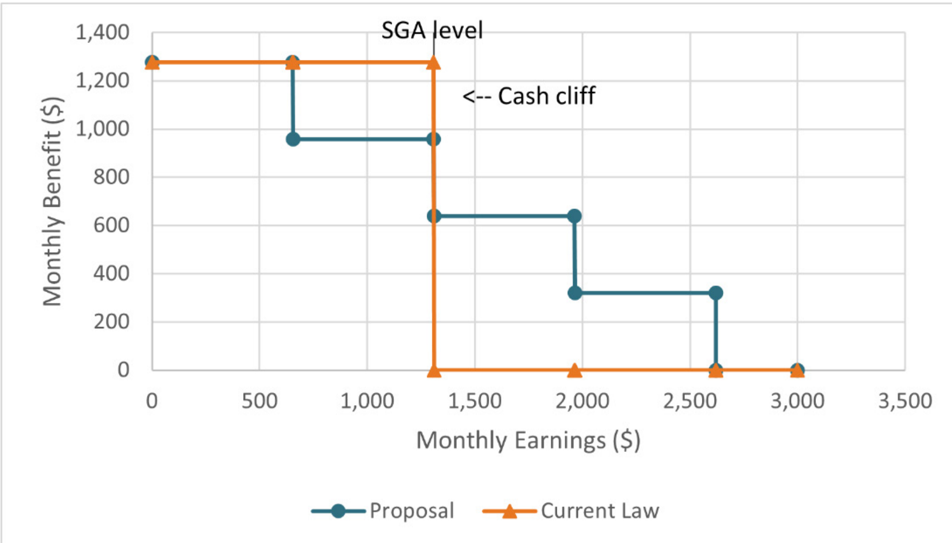
1.1.1 The Enhance Work and Earnings Opportunities for People with Disabilities Proposal

The Enhance Work and Earnings Opportunities for People with Disabilities Proposal (hereafter "the Proposal") is a legislative proposal that would replace existing work incentives and earnings rules for SSDI benefits. SSA has provided guidance that a version of this Proposal is under consideration in which the single "cash cliff," where benefits are reduced from their full amount to $0 when a beneficiary earns above the SGA threshold, would be replaced with four benefit offset tiers, at 50, 100, 150, and 200 percent of the SGA level. When SSDI beneficiaries earned less than 50 percent of the SGA level, their SSA benefits would be unchanged. When beneficiaries had earnings between 50 and 100 percent of the SGA level, they would be in the first offset tier, and SSA would reduce their benefits by 25 percent. When beneficiaries' earnings fell in between 100 and 150 percent of the SGA level, they would be in the second tier, and SSA would reduce their benefits by 50 percent. When beneficiaries' earnings fell in between 150 and 200 percent of the SGA level, they would be in the third tier, and SSA would reduce their benefits by 75 percent. When beneficiaries earned more than 200 percent of the SGA level, SSA would not pay any SSDI benefits. When beneficiaries had 12 consecutive months of $0 benefits, they would lose their entitlement for SSDI benefits. This Proposal also eliminates the TWP, Extended Period of Eligibility (EPE), Impairment Related Work Expenses, Unsuccessful Work Attempts, Subsidy/Special Conditions, Special Pay, standard reviews of SGA, expedited reinstatement, and the 93-month extended Medicare rule.[2]

Exhibit 1-1 illustrates the relationship between benefit amounts and earnings under the Proposal and current SSDI benefit rules, based on an example using the 2021 non-blind SGA level of $1,310 and the 2021 average SSDI monthly benefit of $1,277. As earnings increase (along the horizonal axis), the benefit amounts (on the vertical axis) decrease. Under current-law rules, benefits decrease from their full value to $0 when earnings reach SGA. Under the Proposal, benefits decrease in four steps. **Exhibit 1-2** illustrates the income (on the vertical axis) that the combination of earnings and benefits results in, as earnings increase (along the horizontal axis). Under current-law rules, income increases with earnings until earnings reach SGA, then drops to SGA and resumes climbing with earnings. Under the Proposal, income would rise with earnings until it reached 50 percent of SGA. Income would then drop, rise until earnings reached 100 percent of SGA, and repeat this pattern of drops and gains until earnings reached 200 percent of SGA.

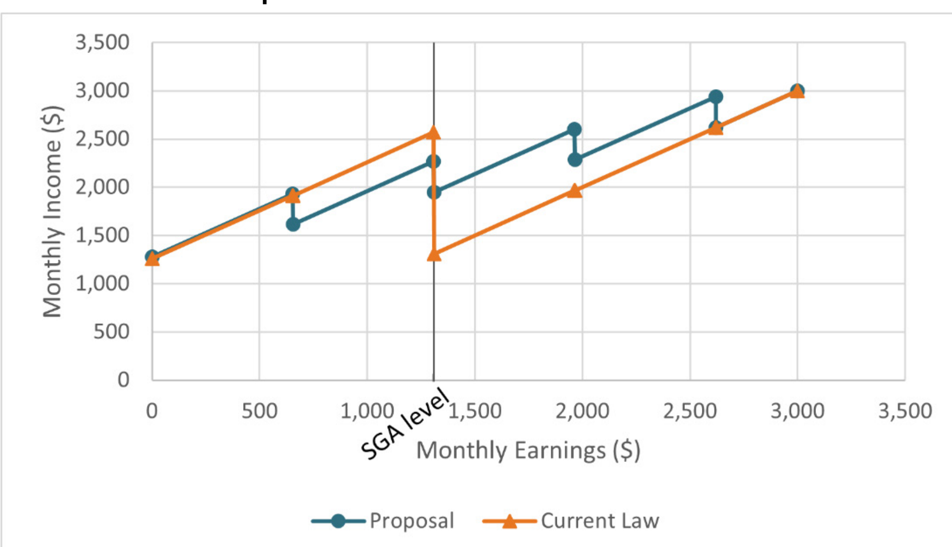
[2] At the time the Proposal would be implemented, SSA would continue to provide Medicare coverage for up to 93 months for beneficiaries whose benefits had terminated previously and who were in the extended period of Medicare coverage when the new rules went into effect.

Exhibit 1-1. How SSDI Benefit Amounts Change with Earnings Changes, under the Proposal and Current Law



Note: Exhibit assumes 2021 non-blind SGA level of $1,310 and no use of work incentives available under current law.

Exhibit 1-2. How SSDI Beneficiary Income (Earnings + Benefits) Changes with Earnings, under the Proposal and Current Law



Note: Exhibit assumes 2021 average SSDI monthly payment of $1,277, 2021 non-blind SGA level of $1,310, and no use of work incentives available under current law.

Adopting the Proposal would change SSDI beneficiaries' incentives to work at various levels of earnings, by removing the cash cliff. Benefits would be decreased in a series of steps. The result would make earning between 100 and 200 percent of the SGA level far more attractive than it is currently, and would make earning between 50 and 100 percent of the SGA level less attractive. It would also remove the current policies—such as the TWP and EPE—that aim to allow beneficiaries to explore work without jeopardizing their benefits. Under the Proposal, the gradual phase-out of benefits would fill this role, allowing beneficiaries to earn up to 200 percent of the SGA level before benefits reduce to $0. The streamlined rules embedded in the Proposal would simplify the relationship between earnings and benefits for both SSA and SSDI beneficiaries. Beneficiaries would need to consider only the relationship between earnings and the four thresholds under the Proposal. That calculation is simpler than having to understand the various conditions that the current work incentives involve.

1.2 Research Questions

The purpose of the Employment Network (EN) Payment Structure Evaluation is to give SSA information on alternative payment structures, and a framework for analyzing how those structures might influence the TTW program, beneficiary earnings, and SSA finances.

SSA established the following questions that this research aims to address:

1. What feasible alternative payment structures—whether completely new or modified from current systems—could SSA use to increase the participation of service providers in the TTW program and to increase participation and earnings outcomes for beneficiaries?
2. What are the potential effects of alternative payment structures, including two that SSA has been considering: (a) a payment when a beneficiary assigns a Ticket to an EN, and (b) payments to ENs for providing benefits counseling?
3. How could EN payments be structured under a recent legislative proposal that would replace current SSDI earnings rules with a tiered earning structure and simplified work incentives?

SSA divided the work under this project into two tasks. Abt submitted a report—titled "Analyzing Alternative Payment Structures" (Prenovitz, Wood and Epstein, forthcoming)—to address the first two research questions. That report describes features of payment structures, and develops a taxonomy to classify payment structures based on two main characteristics—what they pay for and how much they pay. It also describes several payment structures that have been implemented in other policy arenas to provide context for how payment structures can be constituted. Finally, it analyzes the potential effects of implementing four possible structures in TTW.

This report addresses the third research question.

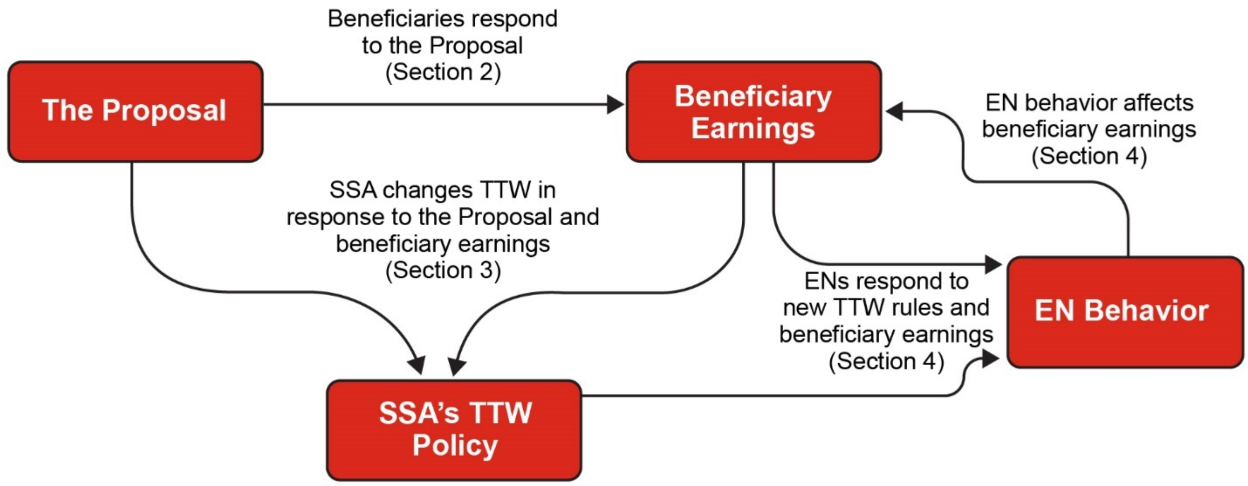
1.3 This Report's Research Approach

If the Proposal were adopted, then SSA would have a choice about how to set TTW payment structures to reflect the new benefit rules. SSA would need to make at least one change in the payment structure. This is because the current EN payment rules use the TWP earnings level as a payment trigger, and this earnings level is based on a provision (the TWP) that would no longer exist under the Proposal. Beyond removing this reference to the TWP, SSA might choose to make other changes to align the payment structure more closely with other features of the Proposal, or to change the TTW program in other ways. This report discusses the ways in which a change in SSDI benefit rules could change the environment for TTW, and how choices about EN payment rules could affect the TTW program.

The Proposal could have implications for TTW in several ways. First, beneficiaries might change their employment and earnings in response to new incentives. These changes would affect the payments for which ENs are eligible, and those changing payments might affect program costs and EN participation. Changes in EN participation could take the form of changes to the number and composition of ENs participating, as well as the number of Tickets accepted and the type of beneficiaries accepted. If SSA changes the EN payment structure, then these changes would in turn affect the incentives that ENs face in selecting Ticketholders, in terms of both whom they serve and how they serve them. Shifts in EN behavior would in turn affect program costs and beneficiary outcomes. Finally, the EN payment structure might affect program costs directly, by changing payment amounts and the earnings thresholds that trigger them.

In this report, we analyze the effects of the Proposal by addressing responses by stakeholders (SSA, beneficiaries, and ENs) in several steps, illustrated in **Exhibit 1-3**.

Exhibit 1-3. Framework for Responses to the Proposal and Implications



We anticipate two first-order effects of adopting the Proposal:

- **Beneficiaries' response.** The likelihood of beneficiaries reaching earnings thresholds with a given level of EN or other support may change because of the new incentives that beneficiaries face.
- **SSA's TTW changes.** SSA might change how it sets the thresholds for and payment amounts to ENs.

We also anticipate two second-order effects:

- **ENs' responses.** ENs may respond to the likelihood of beneficiaries achieving earning thresholds and to incentives from the new payment system.
- **Implications of EN responses.** Beneficiaries' employment rate and earnings levels might be affected by EN behavior.

Sections 2 through 4 of this report provide details on the anticipated effects illustrated in Exhibit 1-3. Section 2 discusses evidence for how beneficiaries could be expected to respond to the new benefit rules, and the implications those responses would have for earnings at particular levels. Section 3 discusses three possible payment structures that SSA might choose to implement for TTW if the Proposal were to be adopted. Section 4 discusses how ENs might respond to the new environment for TTW if the Proposal were to be adopted and if one of the three payment structures from Section 3 were put into place. Section 4 also discusses the implications of those EN responses for beneficiaries' earnings. Section 5 summarizes the potential net effects of these changes for beneficiaries' outcomes, SSA's budget, and ENs' participation. In all four of Sections 2 through 5, we summarize and draw on existing evidence to inform our projections. In Section 6, we conclude with a discussion of options for future research that could address limitations in the analyses contained in this report. The report provides SSA with a framework to consider how TTW might change under the Proposal, and to design the TTW payment structure that best meets SSA's goals for the program.

2. Beneficiary Responses to the Proposal

The Proposal aims to change beneficiaries' choices about employment and earnings. The Proposal would replace the SSDI cash cliff, where benefits decrease from their full value to $0 if beneficiaries earn above the SGA amount, with a series of four steps at 50, 100, 150, and 200 percent of SGA. The Proposal would also eliminate several current work incentive policies. This would present SSDI beneficiaries who consider work with a new set of options. In this section we provide a brief theoretical framework to describe how workers decide how much to work. We also present evidence from relevant research on SSDI and other countries' disability insurance programs. We then draw on this evidence to predict how beneficiaries would change their earnings in response to the new benefit rules in the Proposal.

2.1 Theoretical Framework and Predictions

A simple model of labor supply provides insights into how beneficiaries might adjust their earnings in response to the Proposal. In this model, we assume that people have a fixed amount of time that they can spend on work and nonwork activities. Individuals derive enjoyment from the amount of time they spend not working (leisure time), and from goods and services purchased with their income. Income includes earnings from work, which increase with hours worked, and any unearned income, such as SSDI benefits. For any given wage and amount of unearned income, people choose how much to work based on the combination of nonwork time and purchased goods that makes them happiest. In general, we assume that both leisure and purchases have diminishing marginal value, meaning that a dollar is more valuable to those with lower income, and an hour of leisure is more valuable to those with less leisure. Because people vary in how much they value leisure relative to goods, two individuals facing the same options may make different choices. The simplest version of the model assumes that each person faces a single job (or a set of jobs among which they have no preferences), and that they can flexibly adjust their work hours. In general, people choose the amount they would like to work based on their net wage, which is the amount by which their total income increases with an additional hour of work.

Some benefit systems reduce benefits at a constant rate as earnings increase. This is the case for SSI-only beneficiaries with earnings that exceed the disregard level in SSI.[3] It is also the case for SSDI beneficiaries in the treatment group of the Benefit Offset National Demonstration (BOND) who earn more than the SGA level, and SSDI beneficiaries in the treatment groups of the Promoting Opportunity Demonstration (POD) who earn more than the TWP level. The rate at which benefits are phased out affects choices by changing the net wage. For example, assume two alternative rules, A and B. Under rule A, beneficiaries loose $0.50 of benefits for each additional $1 they earn. Under rule B, beneficiaries loose only $0.25 of benefits for each additional $1 they earn. For both rule A and rule B, assume that all other taxes and deductions are constant. Under those circumstances, switching from rule A to rule B increases beneficiaries' net wages by 50 percent. In a benefit system where benefits reduce at a constant rate with earnings, beneficiaries are expected to earn less from work than they would if their benefits were not affected by earnings, because the added income from an additional hour of work is smaller. This observation about a constant rate of change stands in contrast to systems that involve "kinks" or "discontinuities," which we define next.

Other systems reduce benefits gradually, but at a rate that changes depending on the level of earnings or other factors. These changes in the rate of benefit reduction are called "kinks." Kinks are present in SSI,

[3] SSA excludes the first $65 of earnings from gross income in calculating monthly SSI benefits.

BOND, and POD, for those who earn near the relevant threshold (SSI disregard, SGA, and TWP levels, respectively). The Earned Income Tax Credit (EITC) rules also create kink points. The EITC includes a phase-in region, where the value of the credit increases with earnings; a flat region, where the value of the credit does not change with earnings; and a phase-out region, where the value of the credit decreases with earnings, eventually reaching $0. In the phase-in region, a family's net wage from earnings and the EITC is more than their nominal wage; in the flat region their net wage is equal to their nominal wage; and in the phase-out region their net wage is less than their nominal wage. Such changes in the net wage rate can alter individuals' choices about how much to work, causing them to "bunch" at points where earning the next dollar is far less attractive than was earning the previous one. Research suggests that much of this bunching reflects changes in how earnings are reported, rather than actual changes in earnings (Gruber and Saez 2002; Chetty, Friedman and Saez 2013).

Finally, some benefit systems feature discontinuities, where one additional dollar of earnings causes a large change in the benefit amount. This is the case under current SSDI rules as well as under the Proposal. Like kink points, discontinuities influence choices about how much to earn, and can cause bunching. However, the distortions can be much larger. In benefit systems with kink points, more earnings always result in more income. In benefit systems with discontinuities, more earnings can result in both less income *and* less leisure. For example, consider SSDI-only beneficiaries who have 730 hours per month to spend on work or leisure, SSDI benefits equal to the SGA level, and a set hourly wage they are paid if they work. If these beneficiaries' hourly wage is $12 per hour, then they need to work about 25 hours per week to have earnings at the SGA level. Under current rules, beneficiaries deciding whether and how much to work have three choices.

- ***No work.*** First, the beneficiaries can choose not to work and to receive their SSDI benefit. In this situation a beneficiary would have 730 hours of leisure and monthly income equal to their benefit. For someone with a monthly benefit equal to the SGA level, this would result in monthly income of $1,310.
- ***Earnings less than SGA.*** Alternatively, beneficiaries can choose to work an amount of time that yields earnings less than the SGA level, and to receive their entire SSDI benefit. In this situation beneficiaries gain one hour of their wage for each hour of leisure they give up. If they work 20 hours a week (about 87 hours a month), then they will have 643 hours of leisure over the course of a month. At this level of work, their income would be their benefit plus 87 times their hourly wage in earnings. For someone who earns $12 an hour and has a benefit amount equal to SGA, this would result in monthly income of $2,354.
- ***Earnings more than SGA.*** A third alternative is to choose to work an amount of time that yields earnings above the SGA level and to receive no benefit. In this situation beneficiaries also gain one hour of their wage for each hour of leisure they give up, but they also give up the entirety of their SSDI benefit. Beneficiaries who work 30 hours a week (about 130 hours a month) would have 600 hours of leisure and 130 times their wage to spend. For someone who earns $12 an hour this would result in monthly income of $1,560.

Crucially, a beneficiary who works enough to earn slightly more than the SGA level would have both less income and less leisure than one who works slightly less than enough to earn the SGA level. This gap is evident in Exhibit 1-2. In fact, a beneficiary with earnings above the SGA level would have to earn 200 percent of the SGA level to have the same income as one who earned just under the SGA level, and would still be worse off if they place value on leisure. For someone earning the current federal minimum wage of $7.25, this would amount to working more than 80 hours a week to see any increase in total income from earnings and SSDI benefits combined.

The Proposal also includes discontinuities, at 50, 100, 150, and 200 percent of the SGA level. As with current-law SSDI benefit rules, this creates regions where an additional dollar of earnings is extremely unattractive, because it would result in lower income from benefits and earnings. To understand the effect of these discontinuities, it is useful to compare the Proposal to a policy where benefits would decrease by $1 for every $2 of earnings. Under such a policy, benefits would be at their full value for those who did not work and $0 for those who earned 200 percent of the SGA level, as under the Proposal. However, beneficiaries who would choose to earn at the SGA level under this alternative policy would be unlikely to do so under the Proposal, because they could increase their income from earnings and benefits combined by reducing their earnings slightly. These beneficiaries might try to restrain their earnings just below SGA.

The Proposal includes four smaller discontinuities rather than the one large discontinuity in current SSDI benefit rules. As a result, we might expect that more people would cluster, because more people would want to work at a level of earnings that would be near one of the discontinuities. The degree to which each affected individual's earnings were distorted by the discontinuity might be smaller, as the size of each region in which beneficiaries could enjoy both more income and more leisure by working less would be smaller. However, beneficiaries who find it difficult to precisely target their earnings might no longer find work worthwhile, because it now comes with this extra cost of ensuring that their earnings fall in the right ranges. SSA could consider adopting an alternative set of benefit rules, similar to those used in POD, where benefits are reduced by $1 for every $2 in earnings above TWP (or the amount of Impairment Related Work Expenses up to SGA), and current-law work incentives are removed. Such a structure would achieve SSA's goals of simplifying the rules about how benefits and earnings interact and eliminating the cash cliff, without introducing a new set of discontinuities.

2.2 Prior Research on Beneficiaries' Responses to Disability Program Design

To better understand how SSDI beneficiary earnings might change under the Proposal, we reviewed studies examining how the design of disability programs influences the work and earnings of beneficiaries.

We examined research on how beneficiaries respond to discontinuities in the benefits schedule like the SSDI cash cliff, how beneficiaries change their work and earnings in response to their net wage, and barriers that make it more difficult for beneficiaries to adjust their earnings. Although multiple studies have addressed these issues, existing research does not offer clear predictions about what policymakers should expect from the Proposal. This is in part because there is relatively little research conducted in U.S. settings, and research from other countries is difficult to generalize to the U.S., because both the disability insurance programs and the social safety nets differ between countries. It is also because the Proposal would make several simultaneous changes, and most evidence in this area concerns the effect of changing one policy parameter at a time. One exception is the research from BOND, which considers the effect of changing benefit rules in a similar manner to that under the Proposal. We find the results from BOND to be most useful for predicting what might happen were the Proposal to be adopted, and discuss them separately for this reason.

2.2.1 Beneficiaries' Response to Discontinuities in Benefit Schedules

Several studies show that beneficiaries "bunch" at discontinuities in the benefits schedule. However, the amount of bunching varies across thresholds and settings. Schimmel et al. (2011) found that when the SGA earnings level increased from $500 in 1998 to $700 per month in 1999, beneficiaries responded to this change in work incentives. The percentage of individuals with earnings below the prior year's SGA level and the percentage of individuals with earnings above the new SGA level decreased. In contrast, the percentage of individuals with earnings between the previous and the new SGA level increased. The change in SGA did not affect mean earnings. Zaresani (2020) investigated Alberta, Canada's disability insurance program, which has two discontinuities. At the first discontinuity, benefits decrease from 100 percent to 50 percent. At the second discontinuity, benefits decrease from 50 percent to 0 percent. Zaresani found that beneficiaries bunch at the lower threshold, but not at the higher threshold. Ruh and Staubli (2019) found a large and sharp bunching of beneficiaries' earnings just below the SGA threshold of Austria's disability insurance. Zaresani and Ruh and Staubli also demonstrated that beneficiaries respond slowly to changes in these thresholds because they face substantial adjustment costs (see below).

2.2.2 Beneficiaries' Response to Changes in the Net Wage

Beneficiaries also respond to program rules that affect their net wage. The literature uses two main measures that capture these effects—the elasticity of labor force nonparticipation with respect to net wages, and the elasticity of earnings with respect to net wages. The elasticity of labor force nonparticipation with respect to net wages[4] captures the relationship between the percent change in net wage and the resulting percent change in labor force participation. An elasticity of 0.50 would mean that for a 10 percent decrease in the net wage, workers would increase their labor force nonparticipation by 5 percent. The elasticity of earnings with respect to net wages captures the percentage by which beneficiaries' earnings change when net wages increase by 1 percent.[5]

We are not aware of any U.S. studies that estimate elasticities of labor force nonparticipation or earnings. We therefore refer to studies on disability insurance systems in other countries. The study by Kostol and Mogstad (2014) on Norway's disability insurance is the most relevant study for the U.S. context. According to the authors, the Norwegian disability insurance program and SSDI are very similar.[6] For example, they have a similar disability determination process. The authors also argue that the work capacity and labor supply of beneficiaries are comparable. Kostol and Mogstad (2014) estimated that the elasticity of labor force nonparticipation with respect to net wages ranges from 0.11 to 0.19. Studies from other countries fall into this range. For example, Ruh and Staubli (2019) estimate an earnings elasticity of 0.27 using data from Austria. Zaresani (2020) estimates a short-term elasticity of 0.20 and a long-term elasticity of 0.15 using data from Alberta, Canada. This means that the existing research suggests that a

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4 Technically, the studies estimate the elasticity of labor force nonparticipation with respect to the participation tax rate. The participation tax rate captures the after-tax financial gain from taking up work.

5 Technically, the studies estimate the elasticity of earnings to the net-of-tax rate. The net-of-tax rate equals (1 -effective tax rate). Therefore, a 1 percent increase in the net-of-tax rate is equivalent to a 1 percent increase in the net wage.

6 SSDI and the Norwegian disability insurance feature three main differences. First, a larger share of people in Norway receive benefits from disability insurance (10 percent, vs. 4 percent in the U.S. in 2005). Second, SSDI replaces a smaller percentage of past wages than the Norwegian disability insurance. Third, Norway allows continuous work with earnings above the SGA level for five years without cutting benefits.

100 percent decrease in the net wage would increase the labor force nonparticipation rate by between 10 and 19 percent.

Most studies find substantial heterogeneity in the effects of disability insurance reforms on labor participation and earnings across beneficiaries' context and characteristics. For example, Kostol and Mogstad (2014) do not find any effects on the labor force participation of older beneficiaries. In contrast, they estimate the largest effects for men with high formal education levels or more professional experience who live in areas with low unemployment. Ruh and Staubli (2019) estimate a larger elasticity of labor supply for women and high earners. It is important to account for beneficiaries' context and characteristics when investigating the effect of changes in benefits rules on beneficiaries' behavior.

2.2.3 Barriers to Beneficiaries' Response

Our model of labor supply assumes that individuals can flexibly adjust their work hours to reach the combination of leisure and time spent on paid work that makes them the happiest. However, in real life individuals face frictions. For example, they do not perfectly know benefit and tax schedules (Kostøl and Myhre 2020, Saez 2010). In addition, they cannot modify their hours worked immediately to any desired level (i.e., they face hour constraints and adjustment costs). Zaresani (2020) estimates that adjustment costs are 5 percent of average monthly sample earnings in the short run and 10 percent of average earnings in the long run. Individuals may thus end up with a combination of leisure and work time that makes them less happy than their ideal combination (Chetty et al. 2011). Finding the ideal combination of leisure and work time is even more difficult when benefit schedules are complicated. When earning "too much" can carry a large cost, potential loss of disability benefits, it is crucial that beneficiaries understand the benefit rules. Consider beneficiaries who would ideally like to earn slightly above SGA in the absence of the cash cliff, but given the presence of the cash cliff would prefer to earn just below SGA. This is a relatively small distortion in earnings. If, however, these beneficiaries are not able to adjust their earnings, or face costs from doing so, trying to earn just below the SGA level could be a risky strategy. The beneficiaries might instead choose to restrict their earnings by a larger margin, or to leave employment entirely. These larger distortions would not be captured in estimates of bunching.

Frictions also prevent individuals from adjusting their choice instantaneously when benefit rules or tax schedules change. Empirical evidence from Canada, Austria, Denmark, Norway, and the U.S. documents that individuals adjust their labor only slowly to changes in benefits rules or tax schedules (Chetty et al. 2011, Gelber et al. 2020, Kostøl and Myhre 2020, Ruh and Staubli 2019, Zaresani 2020). Chetty et al. (2011) and Gelber et al. (2020) show that adjustment frictions attenuate the effects of changes in the marginal tax rate on workers' earnings and hours worked, especially in the short term. Adjustment costs differ across individuals and can cause differences in how responsive individuals are to changes in incentives. Results from Zaresani (2020) suggest that adjustment costs are larger for beneficiaries with lower earning capacity. Ruh and Staubli (2019) find that women, younger beneficiaries, and beneficiaries with low benefits are more responsive to incentives than men, older beneficiaries, and beneficiaries with higher benefits.

This evidence suggests that beneficiaries adjust their work and earnings decisions based on their net wage. However, benefit schedules and the reality of work—lack of flexibility in hours; benefits like health insurance that make working at least a certain number of hours more attractive—result in choices other than what beneficiaries would choose with a constant net wage. Beneficiaries cluster at points where the net wage changes, have difficulty adjusting earnings, and face costs of doing so when the net wage or thresholds change. There is also considerable variation in the estimates of how beneficiaries adjust. This evidence does not provide clear predictions for how beneficiaries might react to the Proposal.

2.2.4 Evidence from BOND

BOND may offer the most informative evidence on the potential effects of the Proposal on beneficiaries' earnings. The demonstration studied the effects of benefit rules somewhat similar to those in the Proposal, using an experimental evaluation conducted with a large, nationally representative sample of SSDI beneficiaries. Beneficiaries in the BOND treatment groups can earn up to SGA with no change in their benefit amount. For every $2 in annual earnings above the BOND Yearly Amount (BYA)—calculated as 12 times the SGA level—benefits decreased by $1. The BOND rules differ in some key respects from those that would apply under the Proposal. Under the Proposal, benefits would begin to decrease at a lower earnings threshold, and would be reduced in four steps rather than continuously. Adjustments to benefits would also be made based on monthly, rather than annual, earnings. Finally, the level of earnings at which SSDI benefits would be reduced to $0 would not depend on the beneficiary's benefit amount. Rather, this reduction would occur at 200 percent of the SGA level for all beneficiaries. Despite these differences, BOND offers rigorous and generalizable estimates of the effects of a similar policy.

Being covered by the BOND benefit rules did not significantly change average earnings, but increased the percentage of beneficiaries with some earnings, and changed the distribution of earnings (Gubits et al. 2018). Gubits et al. examined the effects of the BOND rules on the share of beneficiaries earning in several ranges ($0, $1 to 50 percent BYA, 50-100 percent of BYA, 100-150 percent of BYA, 150-200 percent of BYA, etc.). The BOND rules increased the share of beneficiaries who earned 100 and 150 percent of the BYA, and the share who earned between 150 and 200 percent of the BYA. There was no statistically significant change in the share of beneficiaries who earned amounts between $1 and the BYA, or between 200 and 300 percent of the BYA. The share of beneficiaries earning above 300 percent of the BYA decreased. This likely reflects the fact that the current benefits rules make it very unattractive to earn slightly more than the SGA level. Interestingly, BOND did not see a shift from earnings just below the SGA level to just above it. Instead, the evaluation found a decrease in the share of beneficiaries in tails of the distribution (no earnings and more than 300 percent of the BYA). This suggests that, rather than "parking" their earnings just below the SGA level, some beneficiaries make more drastic changes to their work, perhaps because they find it difficult or impossible to adjust their earnings precisely. This might suggest that under the Proposal beneficiaries would make similar "all or nothing" choices about their employment, when faced with discontinuities in the benefit schedule.

2.3 Implications of Beneficiary Responses for TTW

Because TTW makes payments based on earnings thresholds, it is important to understand not just how the Proposal would affect average earnings but how it would affect the likelihood of earning enough to meet those thresholds. **Exhibit 2-1** summarizes how we might expect the percentage of beneficiaries earning various amounts to change under the Proposal, based on theory and existing evidence.

Exhibit 2-1. Expected Changes to SSDI Beneficiaries' Earnings in Response to the Proposal

Earnings Level	Expected Change vs. Current Rules	Details
$0	?	Some beneficiaries who currently earn 50-100 percent of the SGA level might stop work to maintain their full benefit amount if they do not have the flexibility to limit earnings while working, and prefer their full benefit without working to 75 percent of their benefit + their earnings while working. Some beneficiaries who would currently prefer to earn slightly above the SGA level in the absence of the cash cliff, but instead currently choose not to work, might enter employment.
More than $0, less than 50 percent of the SGA level	+	Some beneficiaries who currently earn 50 to 100 percent of the SGA level might decrease earnings slightly to maintain their full benefit amount.
50-100 percent of the SGA level	-	Income would be lower in this range of earnings under the Proposal than under current law, making earning in this range less attractive.
100-150 percent of the SGA level	+	Income would be higher in this range of earnings under the Proposal than under current law, making earning in this range more attractive.
150-200 percent of the SGA level	+	Income would be higher in this range of earnings under the Proposal than under current law, making earning in this range more attractive.
More than 200 percent of the SGA level	0/-	Some beneficiaries who currently earn > 200 percent of the SGA level might decrease earnings slightly to maintain their partial benefit amount and avoid termination. Those who earn substantially more than 200 percent of the SGA level are unlikely to change behavior.

Under the Proposal, we would expect more SSDI beneficiaries to earn between 100 and 200 percent of the SGA level, where their total income (from benefits and earnings combined) would be higher than it is currently. Adopting the estimates from BOND would suggest that roughly an additional 0.4 percent of all beneficiaries would earn at this level. This estimate implies that it would affect about 3 percent of those beneficiaries who work.

We would expect fewer beneficiaries to earn between half the SGA level and the TWP level, where their total income would be lower than would be the case under current law. Changes to the number of beneficiaries earning between the TWP and SGA levels are less clear than for those earning either more or less than those thresholds. On the one hand, benefits would be reduced in months with earnings between the TWP and SGA levels, which is not currently the case. On the other hand, beneficiaries would not have to worry about "using up" their TWP months. For the combined income category of 50 to 100 percent of the SGA level, we would expect the effect of the 25 percent benefit reduction to dominate, resulting in fewer beneficiaries earning in this range. Some of these beneficiaries would increase their earnings, while others would decrease them or stop working. Estimates from BOND are not informative in this range, because, under the BOND rules, benefits are never less than they would be under current-law benefit rules. We would expect that the reduction in beneficiaries earning in this range would be similar to the reduction in beneficiaries earning between the TWP and SGA levels under POD. However, those results are not yet available.

We would also expect that fewer beneficiaries would earn more than 200 percent of the SGA level, or that they would do so for fewer months, because 12 consecutive months of such earnings would result in benefit termination. This would be especially pronounced for earnings close to 200 percent of the SGA level, and might fade for higher levels of earnings, as the importance of being able to receive benefits in months with lower earnings declines.

On net, if the Proposal were implemented but SSA did not change the rules for TTW payments beyond replacing the TWP level with an identical threshold, and ENs did not change their behavior, then the likely result would be:

- A decrease in the number of months in which Phase 1 Milestone Payments would be triggered (earnings of at least the TWP level but not the SGA level)
- An increase in the number of months in which Phase 2 Milestone Payments would be triggered (earnings of at least the SGA level but not $0 benefits)
- A decrease in the number of months in which Outcome Payments would be triggered (earnings of at least the SGA level and $0 benefits)

However, SSA would likely make changes to TTW payments, and ENs would be likely to react to those changes and to the new patterns of beneficiary earnings. Both would have further implications for TTW, beneficiary employment and earnings, and SSA finances. In the next section we explore potential EN payment structures that SSA might adopt were the Proposal to become law.

3. Potential SSA Changes to TTW Policies

The previous section considered how beneficiaries would change their earnings if SSA adopted the Proposal. If SSA were to implement the new set of benefit rules contained in the Proposal, some level of change in the TTW payment systems would be needed, because some of the key components of that system would no longer exist. Specifically, the Proposal would eliminate the TWP, so there would no longer be a TWP earnings amount (which triggers milestone payments in the current Milestone/Outcome payment system). SSA might wish to make additional changes to the payment structure to make it more logically consistent with the benefit rules, and to reflect the new relationship between earnings thresholds and benefit amounts. The relationship between SGA-level earnings and months with $0 benefits would change. Also, the elimination of the EPE, and the termination of benefits after 12 consecutive months of $0, would change the relationship between $0 benefits and continued eligibility. SSA might want to make additional changes to reflect expected changes in the likelihood that beneficiaries would earn at given thresholds. Additionally, a new set of TTW payment rules would present an opportunity to make other, unrelated changes.

This section describes three types of payment structures that SSA might consider implementing, using specific examples of how such payment structures might operate. This represents the second change in Exhibit 1-3. We provide specific examples not to suggest that these are the best payment structure options, but rather because some of the analyses in later sections depend on details such as the thresholds that would trigger payments, the size and number of different kinds of payments, and other rules governing whether and when ENs would be paid. In outlining potential payment structures, we base examples on the current general structure of EN payments under the Milestone/Outcome and Outcome Payment Systems, and we consider these three kinds of changes—necessary, logical, and opportunistic—that could be made to the existing systems. The remainder of Section 3 summarizes three potential options.

3.1 Adapted POD Structure

One option would be to adopt a system similar to the EN payment rules SSA uses for beneficiaries assigned to the two treatment groups in POD. Treatment group members in POD can access employment services through ENs much as other beneficiaries do. ENs are eligible for payments based on the dollar amount that beneficiaries earn, even though these earnings thresholds have different implications for benefit payments for beneficiaries who are in the POD treatment groups (Mathematica Policy Research 2018). Specifically, for beneficiaries in the POD treatment groups, ENs can receive Outcome payments for months in which beneficiaries have at least SGA-level earnings, even if under the POD rules this does not result in $0 benefits. If SSA wanted to continue to pay ENs for the levels of work that currently trigger payments in current law, then SSA could do so. Because the TWP would no longer exist under the Proposal, SSA would presumably no longer have an updated definition of TWP-level earnings, so would need to create one expressly for TTW. SSA might do this by taking the current TWP level and increasing it over time at the same rate as the SGA level increases.

SSA might also choose to change the rules for Phase 2 Milestones. Currently, for beneficiaries in the POD treatment groups there is no meaningful distinction between Phase 2 Milestone Payments and Outcome Payments. They are made for the same level of earnings, and have the same value (Mathematica Policy Research 2018). This structure allows ENs to serve POD participants as they do other beneficiaries. In an environment where all SSDI benefits were subject to the new benefit rules in the Proposal, there would be no distinction between the two payment types for any of the SSDI-only beneficiaries who participate in TTW. SSA could simplify this system by applying the pattern of payments—Milestones for TWP-level earnings and Outcomes for SGA-level earnings—to all beneficiaries. This would be accomplished by removing the Phase 2 Milestones and instead offering additional Outcome payments, as detailed in **Exhibit 3-1**.

Exhibit 3-1. Potential Payments to ENs in the Milestone/Outcome System under new Proposal: Adapted POD Structure

Change from Current TTW System?	Payment	Beneficiaries' Gross Earnings Amount That Triggers the Milestone Payment	SSDI and Concurrent Payment Amount	SSI Payment Amount
No	Milestones			
	Milestone 1	Greater than or equal to $910/month for 1 calendar month	$1,485	$1,485
	Milestone 2	Greater than or equal to $910/month for 3 months w/in 6 months	$1,485	$1,485
	Milestone 3	Greater than or equal to $910/month for 6 months w/in 12 months	$1,485	$1,485
	Milestone 4	Greater than or equal to $910/month for 9 months w/in 18 months	$1,485	$1,485
	Total Potential Milestone Payments		**$5,940**	**$5,940**
Yes, but similar to POD rules for SSDI-only	Outcome Payment			
		SGA level	48 months of Outcome payments at the rate of $436 per month $20,928	72 months of Outcome payments at the rate of $274 per month in 2020 $19,728
	Total Milestone/Outcome Payment Potential		**$26,868**	**$25,668**

Under this option no changes to the current POD rules for the Outcome Payment System would be required. As is currently the case in POD, Outcome payments would be triggered by earnings of at least the SGA level. In the example in **Exhibit 3-2**, we assume that SSA would adopt a parallel threshold for SSI-only beneficiaries.

Exhibit 3-2. Potential Payments to ENs in the Outcome System under New Proposal: Adapted POD Structure

Change from Current TTW System?	Payment	Beneficiary Gross Earnings Amount That Triggers Payment	SSDI and Concurrent Payment Amount	SSI Payment Amount
Yes, but same as POD	Outcomes	SGA	36 months of Outcome payments at the rate of $829 per month	60 months of Outcome payments at the rate of $472 per month
	Total Outcome Only Payment Potential		**$29,844**	**$28,320**

3.2 Modified POD Structure

The prior option maintains the current relationship between levels of earnings and payments as much as possible. However, SSA might want to change this relationship so that it focuses on levels of earnings that are meaningful under the Proposal, rather than those that are relevant under current benefit rules. This option uses the general structure of the TTW payment rules for POD, but updates them to reflect the proposed benefit rules. This example of a Modified POD Structure is summarized in **Exhibit 3-3**. Here, Milestone payments are made when beneficiaries earn at least 50 percent of the SGA level, enough that their benefits would be reduced by 25 percent. We chose this threshold for our example because we believe it approximates the intent behind the TWP level of earnings—a non-trivial amount of earnings that is somewhat smaller than the threshold used to determine disability at application. Half of the SGA level does seem to be a meaningful amount of earnings for this population. In the BOND evaluation, both among those subject to current benefit rules and among those subject to the offset rules, about half of beneficiaries with some earnings earned less than half of the BYA (Gubits et al. 2018).

In this example, SSA would make Phase 1 Outcome payments when a beneficiary earns at the SGA level. This is the same threshold as used for Phase 2 Milestones in the current EN payment rules. We rename these payments because we add a payment at this level for the Outcome payment system, and because a 50 percent reduction in benefits represents an "outcome" in a sense that SGA-level earnings with no change in benefits do not. Outcome payments would be renamed Phase 2 Outcomes and made for months when a beneficiary earns 200 percent of the SGA level, enough to reduce benefits to $0.

In this example, we change the number of payments made for earnings at 100 percent of SGA and at $0 of benefits to reflect several differences in the benefit structure under the Proposal. First, we would expect more beneficiaries to spend more time earning between the SGA level and the level at which benefits are reduced to $0 than is currently the case. This is because an SSDI beneficiary would need to earn fully 200 percent of the SGA level to receive $0 benefits under the Proposal. Second, the elimination of the 36-month EPE means that 36 months at $0 benefits is no longer a natural feature to incorporate in the payment system. Many beneficiaries will likely need more than 12 months with $0 benefits to achieve 12 *consecutive* months with $0 benefits, but not necessarily 36. For these reasons we increase the number of payments made for months with earnings at the SGA level but without $0 benefits, and decrease the number of payments made for months with $0 in benefit.

The only substantive change for SSI-only beneficiaries would be that Milestone payments would be made at 50 percent of the SGA level, rather than at the higher TWP amount.

Exhibit 3-3. Potential Payments under the Milestone/Outcome System, Modified POD Structure

Change from Current TTW System?	Payment	Beneficiaries' Gross Earnings Amount That Triggers the Milestone Payment	SSDI and Concurrent Payment Amount	SSI Payment Amount
Yes	**Milestones**			
	Milestone 1	Greater than or equal to 50 percent of the SGA level for 1 calendar month	$1,485	$1,485
	Milestone 2	Greater than or equal to 50 percent of the SGA level/month for 3 months w/in 6 months	$1,485	$1,485
	Milestone 3	Greater than or equal to 50 percent of the SGA level/month for 6 months w/in 12 months	$1,485	$1,485
	Milestone 4	Greater than or equal to 50 percent of the SGA level/month for 9 months w/in 18 months	$1,485	$1,485
	Total Potential Milestone Payments		**$5,940**	**$5,940**

Change from Current TTW System?	Payment	Beneficiaries' Gross Earnings Amount That Triggers the Milestone Payment	SSDI and Concurrent Payment Amount	SSI Payment Amount
Yes	Phase 1 Outcomes			
		Greater than or equal to the SGA level	24 months of payments at the rate of $445 per month $10,680	18 months of payments at the rate of $253 per month $4,554
Yes	Phase 2 Outcomes			
		Benefits reduced to $0 due to earnings	24 months of Outcome payments at the rate of $445 per month $10,680	60 months of Outcome payments at the rate of $253 per month in 2020 $15,180
	Total Milestone/Outcome Payment Potential		**$27,300**	**$25,674**

The Outcome only payment system would change to mimic the Outcome payments under the current Milestone/Outcome system. That is, for SSDI beneficiairies,12 Phase 1 Outcome payments would be triggered by earnings at SGA, and 24 Phase 2 Outcome payments would be triggered by earnings that reduced benefits to $0. The current Outcome payment system makes payments only for months in which a beneficiary receives $0 in benefits, due to work. Under the Proposal, SSDI benefits would not be reduced to $0 until earnings reached 200 percent of the SGA level, making Outcome payments made at $0 benefits harder for ENs to receive. Results from BOND illustrate this point. About 3 percent of BOND subjects covered by current law rules (control group members) earned at least the BYA. Among those who were subject to the offset rules (treatment group members), about 1.3 percent earned at least two times the BYA. This suggests that roughly half of those who currently earn enough to trigger Outcome payments would earn enough under the Proposal to trigger payments that are available only when benefits are $0. Making some Outcome payments at the SGA level would balance the goal of incentivizing ambitious levels of earnings with ENs' need for funding.

For SSI-only beneficiaries, there would be 12 months' worth of Phase 1 Outcome payments and 48 months' worth of Phase 2 Outcome payments. This change from the current structure is intended mainly to make the rules for SSDI and SSI-only beneficiaries as parallel as possible. SSA's current rules make them roughly parallel, and maintaining that feature in the future simplifies program operations for ENs and SSA alike.

Exhibit 3-4. Potential Payments under the Outcome System, Modified POD Structure

Change from Current TTW System?	Payment	Beneficiary Gross Earnings Amount That Triggers the Milestone Payment	SSDI and Concurrent Payment Amount	SSI Payment Amount
Yes	Phase 1 Outcomes			
		Greater than or equal to SGA threshold	12 months of payments at the rate of $829 per month	12 months of payments at the rate of $472 per month
Yes	Phase 2 Outcomes			
		Benefits reduced to $0 due to earnings	24 months of payments at the rate of $829 per month	48 months of payments at the rate of $472 per month
	Total Milestone/Outcome Payment Potential		**$26,855**	**$25,674**

3.3 Simplified Structure

The two previous payment structures maintain the basic structure of the existing Milestone/Outcome and Outcome payment systems. SSA could also consider using the change in earnings rules as an opportunity to make broader changes to the way that SSA pays ENs. We have developed this third option to illustrate one example of how SSA might make such a change. With this option, SSA would make payments for Ticket assignment as well as for beneficiaries' earnings outcomes. ENs would choose between the Assignment/Outcome and Outcome systems. As discussed in Prenovitz, Wood and Epstein (forthcoming), many payment structures split funding across input- or output-based payments and outcome-based payments. Such systems are intended to balance service providers' need for predictable funding with funders' need to ensure that service providers adhere to their goals. This structure would aim to make TTW more appealing to ENs by making payments more certain and earlier, while also ensuring that ENs deliver effective employment services, and that SSA's costs for TTW remain reasonable. Potential payments under the Assignment/Outcome system are summarized in **Exhibit 3-5**, and potential payments under the Outcome payment system in **Exhibit 3-6**.

Exhibit 3-5. Potential Payments under the Assignment/Outcome System, Simplified Structure

Change from Current TTW System?	Payment	Beneficiary Gross Earnings Amount That Triggers the Milestone Payment	SSDI and Concurrent Payment Amount	SSI Payment Amount
Yes	Ticket Assignment Payment			
		N/A; payment made when Ticket is assigned.	$1,485	$1,485
Yes	Phase 1 Outcomes			
		Greater than or equal to SGA threshold.	24 months of payments at the rate of $223 per month $5,352	24 months of payments at the rate of $223 per month $5,352
Yes	Phase 2 Outcomes			
		Benefits reduced to $0 due to earnings.	24 months of Outcome payments at the rate of $223 per month $5,352	24 months of Outcome payments at the rate of $223 per month $5,352
	Total Assignment/Outcome Payment Potential		**$12,189**	**$12,189**

The Ticket Assignment payment would be made at the time a Ticket was assigned. This would provide ENs with funds as they begin to provide services to beneficiaries. ENs could also receive Phase 1 and Phase 2 Outcome payments. Phase 1 Outcome payments would be made when a beneficiary earns at least the SGA level, and Phase 2 Outcome payments when a beneficiary earns enough to have benefits set to $0. Rules for SSI-only beneficiaries would be the same as those for SSDI beneficiaries.

One of the goals of this structure would be to decrease the risk and payment lags that ENs experience with the current payment structure, without significantly modifying the average payment generated from a Ticket assignment. Offering the Ticket Assignment payment for all Ticket assignments would allow for smaller potential payments. The certainty of the payment lessens the need for ENs to use large payments from Ticketholders who are especially successful to offset losses for Ticketholders who do not earn enough to trigger payments. SSA would need to carefully consider information on payments and EN costs to set these payment levels appropriately. The goal in setting the Ticket Assignment payment would be to make the payment smaller than the cost of serving a Ticketholder to the standards required by SSA, but large enough to be useful to ENs. Outcome payments should be set to meet two goals: (1) so that ENs can reasonably cover their costs, and (2) to incentivize ENs to provide follow-on services once a Ticketholder has begun work. Another consideration in determining the size and number of payments is how many Ticketholders SSA would like ENs to serve, and how much selection by ENs is desirable. For example, if SSA wishes ENs to serve more Ticketholders, then the total value of the payment could be higher, making the program more attractive. If SSA wants ENs to be less selective about the Ticket assignments they accept—providing services to beneficiaries who need more support, or who are less likely to have substantial earnings—then SSA could increase the proportion of the total potential payment that is represented by the Ticket Assignment payment.

To our knowledge there is little publicly available information on the figures needed to set these payment amounts. However, we can make an extremely rough approximation based on information on early TTW participants. Schimmel et al. (2013) found that payments for Tickets assigned to the largest ENs in 2005 generated an average of $1,500 to $4,000 in 2010 dollars, depending on the EN's business model. Inflating these figures to 2021 dollars and assuming that some of those ENs were losing money while others were making a profit would suggest that ENs might spend around $3,000 per beneficiary they serve. That would suggest that the Ticket Assignment payment should be between roughly $1,500 and $2,500, depending on how SSA chooses to divide the total potential payment between the Ticket Assignment payment and the Outcome payments.

One important consideration in payment structures with input- or output-based features is how to monitor service providers to ensure that the funds are used well. SSA already requires that ENs develop a detailed, personalized Individual Work Plan for each Ticketholder. SSA also requires that ENs demonstrate a relationship with beneficiaries under certain circumstances. If SSA were to adopt a payment system that provides an upfront payment for Ticket assignment, then SSA might consider increasing the frequency with which ENs must demonstrate their relationship with the Ticketholder. SSA might consider requiring repayment of all or part of the Ticket Assignment payment if services are not provided and/or if Tickets are unassigned before some amount of elapsed time (perhaps three months). If SSA requires repayment, then it may want to consider whether the ENs made good-faith attempts to contact their consumers, and whether funds from the Ticket Assignment payment had already been spent to fund early services.

Exhibit 3-6. Potential Payments under the Outcome System, Simplified Structure

Change from Current TTW System?	Payment	Beneficiary Gross Earnings Amount That Triggers the Milestone Payment	SSDI and Concurrent Payment Amount	SSI Payment Amount
Yes	Phase 1 Outcomes			
		Greater than or equal to the SGA level	24 months of payments at the rate of $350 per month $8,400	24 months of payments at the rate of $350 per month $8,400
Yes	Phase 2 Outcomes			
		Benefits reduced to $0 due to earnings	24 months of payments at the rate of $350 per month $8,400	24 months of payments at the rate of $350 per month $8,400
	Total Outcome Payment Potential		**$16,800**	**$16,800**

The Outcome system under the Simplified Structure would offer Phase 1 and Phase 2 Outcomes, as in the Modified POD Structure (Option 2). However, there are two important differences between the treatment of Outcomes under the two options.

First, the amounts of the payments are lower in the Simplified Structure relative to in the Adapted POD and Modified POD Structures. The total potential payment for the Outcome payment system under the Simplified Structure is still slightly larger than that for the Assignment/Outcome system, to reflect the fact that ENs that use this system would incur additional risk.

Second, TTW payment rules are the same for SSI-only and SSDI beneficiaries in the Simplified Structure. Currently, the number and value of payments are not the same for SSDI beneficiaries as they are for SSI-only beneficiaries. This reflects the fact that a month in which an SSI-only beneficiary has $0 benefit is of lower value to SSA than a month in which an SSDI beneficiary has $0 benefits. SSI benefits are in general substantially smaller than SSDI benefits. Because the value of each Outcome payment for SSDI beneficiaries is smaller in the Simplified Structure, it is feasible to adopt the same value for both SSDI and SSI-only beneficiaries, simplifying the program further.

4. EN Responses and Their Effects on Beneficiary Earnings

The previous two sections have explored how beneficiaries might change their earnings and employment in reaction to the Proposal, and three potential payments structures that SSA might adopt were the Proposal to become law. Before adopting these or other payments structures, SSA would need to consider the potential implications for the costs of the TTW program. To analyze potential implications, we need to consider how ENs would respond to (1) changes in beneficiary behavior prompted by the earnings rules changes; and (2) changes to the EN payment structure. This section considers these two changes as depicted in Exhibit 1-3.

ENs would be expected to change their behavior in response to changes both (1) in beneficiaries' propensity to achieve earnings outcomes with any given level of employment service support, and (2) changes in the EN payment structures. In this section we discuss each of the three potential EN payment systems outlined previously, as each would present ENs with somewhat different sets of incentives.

ENs make decisions about whether and how to operate based on a variety of factors. In this discussion we assume that ENs must cover the costs of serving Ticketholders, either through TTW payments or by drawing from other resources; an EN that cannot cover its costs will cease to participate in the TTW program. As in the prior report for this call order (Prenovitz, Wood and Epstein, forthcoming), we describe ENs as either profit-maximizing or service-maximizing.[7] Profit maximizing ENs operate as for-profit firms. They will take only those Tickets that they expect to earn a profit from, and they will provide services in ways that maximize their profits. Service-maximizing ENs seek to provide as much service to as many people as possible. These ENs will take Tickets such that the average amount they spend on serving Ticketholders is equal to the average payment they receive. As a result, a service-maximizing EN will use any extra funding they receive to provide more services, while a profit-maximizing EN will do so only if they think that that action will further increase their revenues.

If ENs change whom they serve or how they serve them, it could alter beneficiary earnings. Whether changes to EN behavior result in changes to earnings depends on both how those EN behaviors change and the extent to which EN services affect beneficiary earnings. Unfortunately, information on the effects of ENs' service provision is limited. Existing research falls into two main categories—rigorous studies of the causal effect of specific services, and less rigorous studies that compare the outcomes of beneficiaries who are served by ENs to those of beneficiaries who are not. The causal research demonstrates that some forms of employment services can increase employment, at least for some beneficiaries. One example is the Individual Placement and Support (IPS) model of supported employment, an intensive service that focuses on providing the individualized supports that each individual person needs to obtain and maintain competitive employment in a job that fits their interests and talents (Bond 2004; Loveland, Driscoll and Boyle 2007). Programs using the IPS model have been shown to consistently increase competitive employment for people with severe mental illness (Bond, Drake and Becker 2012; Brinchmann et al. 2020; Frederick and VanderWeele 2019; Kinoshita et al. 2013; Marshall et al. 2014; Metcalfe, Drake and Bond 2018; Modini et al. 2016a; Modini et al. 2016b; Suijkerbuijk et al. 2017). That said, it seems unlikely that all services are similarly effective, and rigorous evaluations of other specific services, such as benefits counseling, have failed to find evidence that these services produce such large impacts (Gubits

7 Hirth (1999) suggested a similar distinction between profit- and service-maximizing.

et al. 2018). It is also not clear that IPS would have the same effects for all beneficiaries that assign Tickets to ENs, or that all beneficiaries would want or need such intensive services.

Estimates of the effect of EN services based on observational analyses show that beneficiaries assigning Tickets to ENs are more likely to be employed than those that do not (Schimmel et al. 2013, Stapleton et al. 2010). However, these estimates reflect not only the effect of working with an EN but also the pre-existing differences between those who do and do not engage with ENs. Beneficiaries who seek out ENs are likely particularly interested in work, and those whose Tickets are accepted by an EN may have particularly favorable employment prospects. For example, Schimmel et al. (2013) found that, in 2010, 5.1 percent of TTW participants and 2.7 percent of nonparticipants experienced at least one month with benefits suspended or terminated due to work. Thus, the true effect of assigning a Ticket is somewhere between nothing—if the entirety of the difference is accounted for by underlying differences—and 2.3 months of benefits suspended or terminated due to work, if the entire difference is accounted for by ENs. Attempts to estimate the effect of ENs using quasi-experimental methods have not resulted in robust estimates (Stapleton, Mamun and Page 2013).

One limitation of these estimates is that they reflect ENs' services as they currently provide them to the kinds of beneficiaries who currently assign a Ticket to an EN. ENs might change their services in response to changes in policy, either because the new Ticketholders they work with need or want different things, or because they adjust their service provision in response to the new incentives. It is also likely that the effectiveness of particular services varies, such that the effect of a given package of services for a current TTW participant might be quite different from the effect of the same package on a potential future participant. This is often a concern when extrapolating research results to new populations, but especially relevant in an environment where providers select their clients and there is little standardization of services.

4.1 Adapted POD Structure

If SSA were to adopt the Adapted POD Structure as described in Section 3.1, then ENs would qualify for up to four payments when the beneficiaries with whom they worked were earning at least the TWP level, and 48 to 72 payments for months with earnings at the SGA level. **Exhibit 4-1** summarizes the likely ease of ENs' receiving these payments under the Adapted POD Structure compared with under the current TTW rules. Payments at the TWP level would likely be more difficult for ENs to obtain because we would expect fewer beneficiaries to earn between 50 percent and 100 percent of SGA. Beneficiaries who no longer earn between 50 and 100 percent of SGA could either earn more (100 percent of SGA or more) or less (less than 50 percent of SGA). Based on the experience in BOND, we would expect that most would earn more, rather than less. This would suggest that most of the "missing" milestones would be replaced by Outcomes. In general, payments at the SGA level would be easier to obtain, because the new earnings rules would make it more attractive to earn at or above SGA.

Exhibit 4-1. Comparison between Ease of Obtaining Payments under the Adapted POD Payment Structure and Ease of Obtaining Payments under the Current TTW Payment Structure

Current Payment	New Payment	Is it harder or easier to obtain payment compared with under current rules? SSDI and Concurrent Beneficiaries	SSI-Only Beneficiaries
Phase 1 Milestones	Milestones	Slightly harder due to 25 percent reduction in benefits at the SGA level.	No change.
Phase 2 Milestones	Outcomes	Easier—SGA-level earnings are more attractive under Proposal.	No change.
Outcomes	Outcomes	Much easier—SGA-level earnings are more attractive under the Proposal, and $0 is no longer required.	Easier, because $0 benefit is no longer required.

On net, the Adapted POD payment structure, paired with the Proposal's benefit rules, would make it easier for ENs to receive TTW payments. The increased ease of obtaining payments would be mostly the result of higher beneficiary earnings induced by the change in benefit rules. In response, ENs would be expected to accept more Tickets. The increase in payment potential would be most concentrated among Ticketholders who are likely to earn above the SGA level. As a result, we would expect profit-maximizing ENs to increase the number of Tickets they accepted from beneficiaries who they thought might be able to have fairly steady earnings of at least the SGA level. Service-maximizing ENs would also be expected to increase Ticket-taking from those expected to have earnings of at least the SGA level. They would also be expected to serve more beneficiaries with lower or less-certain earnings, whom they would now be able to afford to serve because of additional payments for beneficiaries with SGA-level earnings.

4.1.1 Implications of EN Behavior for Beneficiary Earnings

Two aspects of EN behavior might affect beneficiary earnings. First, if ENs accept more Tickets, and provide services to more people, then we might expect more beneficiaries to have some earnings than is currently the case. This might partially mitigate the expected reduction in the number of beneficiaries earning between 50 and 100 percent of the SGA level. That is, fewer SSDI beneficiaries overall would earn in this range, but a greater share of those who did would be TTW participants. Second, by providing ENs with incentives to support and encourage beneficiaries to have monthly earnings at or above the SGA level, we would expect even more such months among Ticketholders than would occur without TTW. Additionally, ENs would be paid the same amount for all months in which beneficiaries earn more than the SGA level, regardless of how much more. As a result, we might not expect ENs to push beneficiaries to attain higher levels of earnings. This aspect of the Adapted POD Structure would further accentuate the effects of the Proposal on beneficiary earnings—more beneficiaries earning between 100 and 200 percent of the SGA level, with fewer earning at both higher and lower levels. Combining these two adjustments, we might expect that more SSDI beneficiaries would have some earnings compared with the current situation, with the shift mostly concentrated in those earning between 100 and 200 percent of the SGA level.

4.2 Modified POD Structure

Were SSA to adapt the Modified POD Structure described in Section 3.2, ENs could be paid for months when beneficiaries have earnings at 50 percent of the SGA level, months when beneficiaries have earnings at the SGA level, and months when beneficiaries have $0 benefits. **Exhibit 4-2** summarizes the likely ease of ENs' receiving these payments under the Modified POD Structure relative to under the current rules. We expect that for SSDI beneficiaries, achieving a month with earnings at 50 percent of the

SGA level would require a similar level of EN effort as a month with earnings at the TWP level currently does. On the one hand, earning at 50 percent of the SGA level would decrease benefits, while earning at the TWP level does not do so for SSDI beneficiaries. In response, beneficiaries may be less willing to earn 50 percent of the SGA level under the Proposal than to earn at the TWP level under current law. However, the lower earnings threshold will make it more achievable for beneficiaries who want or need to begin work with a smaller number of hours. These payments to ENs should be easier for SSI-only beneficiaries to trigger, because these beneficiaries would experience only the lower threshold, with no change in incentives to earn at other levels.

We expect ENs to have an easier time qualifying for Phase 1 Outcomes for SSDI beneficiaries than they currently do for Phase 2 Milestones, which use the same earnings threshold and payment amount. Under the Modified POD Structure, it might be more challenging for ENs to qualify for payments triggered at $0 benefits than currently is the case. This is because earning substantially more than the SGA level is challenging for many beneficiaries, making earning at a higher level a larger challenge still.[8] On the other hand, beneficiaries deciding between earning just below the $0 benefit threshold and just above it would see less of a reduction in benefits (from 25 to 0 percent rather than from 100 to 0 percent) and an even smaller percentage reduction in their income. The net effect might be that fewer beneficiaries would earn enough to trigger an Outcome payment, but the exact magnitude of the reduction is unclear.

We do not expect any change in EN ability to qualify for Outcome payments for SSI-only beneficiaries, because there would be no change in either the benefit rules or TTW payment rules that apply to them.

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8 This challenge might differ in places where minimum wages are much higher than the current federal minimum of $7.25 per hour, or it might change considerably if the federal minimum wage were to increase substantially. At $15 per hour, for example, a worker needs to work about 20 hours a week to earn at the SGA level. At $7.25 per hour, a worker needs to work about 42 hours per week to earn the same amount. The elimination of the sub-minimum wage for workers with disabilities would also increase the degree to which beneficiaries who work are able to earn at least the SGA level. Research on previous increases in the minimum wage suggests that decreases in employment and hours worked are quite small (e.g., Ahn, Arcidiacono and Wessels 2011; Card and Krueger 1994; Dube, Lester and Reich 2016; Luttmer 2007). However, employers adjust on other margins, such as by requiring more skills (Clemens, Kahn and Meer 2021), requiring more effort (Clemens 2021; Coviello, Deserranno and Persico 2018; Ku 2020), providing less flexibility (Clemens and Strain 2020), or providing fewer benefits (Clemens, Kahn and Meer 2018; Gooptu and Simon 2019; Simon and Kaestner 2004). This might make it more difficult for workers with disabilities to obtain and retain employment. Research on the effect of the minimum wage on disability applications finds that a higher minimum wage has no effect or slightly increases applications, suggesting that any increased difficulty due to higher expectations has a relatively small effect on the employment of workers with disabilities (Duggan and Goda 2020, Engelhardt 2020).

Exhibit 4-2. Comparison of the Ease of Obtaining Payments under the Modified POD Payment Structure with the Ease of Obtaining Payments under the Current TTW Payment Structure

Current Payment	New Payment	Is it harder or easier to obtain payment compared with under current rules?	
		SSDI and Concurrent Beneficiaries	SSI-Only Beneficiaries
Phase 1 Milestones	Milestones	Similar difficulty—lower threshold is easier to achieve, but 25 percent reduction in benefit makes doing so less attractive.	Easier—lower threshold is easier to achieve.
Phase 2 Milestones	Phase 1 Outcomes	Easier—gradual reduction makes earning slightly more than the SGA level more attractive.	No change.
Outcomes	Phase 2 Outcomes	More difficult—requires higher earnings; increased attractiveness of earning between 100 and 200 percent of the SGA level; may decrease attractiveness of earning more than 200 percent of the SGA level.	No change.

The Modified POD Structure would make serving SSI-only beneficiaries more attractive relative to serving SSDI beneficiaries than is currently the case. This is because for SSDI beneficiaries some payments would become easier to receive while others become more difficult. For SSI beneficiaries some payments would become easier, and none would become more difficult (see Exhibit 4-2). For ENs serving SSI-only beneficiaries, the Milestone/Outcome system would increase in attractiveness over the Outcome payment system.

ENs might also be more willing to serve those who are expected to have very limited earnings if they work, because payments would be available at lower levels of earnings. Aside from this change, we would not expect ENs to substantially change whom they serve or how they serve them. SSDI beneficiaries who currently work above the SGA level and have $0 benefits, but who would not work at 200 percent of the SGA level under the Proposal, would be less attractive clients for ENs. This is because those beneficiaries would no longer have high enough earnings to trigger all payments. However, those who have at least SGA-level earnings, but not enough to have $0 benefits, would be more attractive clients. We think it would be difficult for most ENs to determine expected earnings with enough precision to differentiate between these two groups.

4.2.1 Implications of EN Behavior for Beneficiary Earnings.

ENs' increased willingness to serve SSI-only beneficiaries and those who are expected to have relatively low earnings might mean that ENs increase the number of beneficiaries who have some earnings, especially among SSI-only beneficiaries. We would not expect ENs to change how they serve SSDI beneficiaries expected to have higher earnings, as the ease of receiving payments for this group would not change substantially. As a result, we would not expect EN behavior to alter earnings for this group.

4.3 Simplified Structure

If SSA were to adopt the Simplified Structure described in Section 3.3, then ENs would be paid when a Ticket is assigned, when a beneficiary earns at least at the SGA level, and when a beneficiary earns enough to have $0 benefits. Unlike the two previous structures (Adapted POD, Modified POD), the Simplified Structure would also change the amounts paid to ENs at these thresholds. **Exhibit 4-3** summarizes the ease of ENs' receiving these payments under the Simplified Structure compared with under the current TTW rules. The Ticket Assignment payment would provide ENs with funding when they first begin to serve beneficiaries. We imagine that SSA would calibrate this payment and associated requirements so that the payment would be slightly less than the cost of services required. Although ENs could not rely solely on this upfront payment to fund their services, they would have a much greater degree of control over their funding than they do currently. This is because ENs have more control over the services they provide than over employment outcomes. Payments based on earnings at the SGA level would be easier to obtain for SSDI beneficiaries than is currently the case, due to the gradual reduction in benefits. Payments based on earnings that reduce benefits to $0 would be more difficult to obtain, due to the higher level of earnings required. There would be no change to the difficulty of obtaining these payments for SSI-only beneficiaries.

Exhibit 4-3. Comparison of the Ease of Obtaining Payments under the Simplified Payment Structure with the Ease of Obtaining Payments under the Current TTW Payment Structure

Current Payment	New Payment	Is it harder or easier to obtain payment compared to current rules?	
		SSDI and Concurrent Beneficiaries	SSI-Only Beneficiaries
Phase 1 Milestones	Ticket Assignment Payment	Easier, earlier, and much more predictable—ENs can receive this payment for all or nearly all clients they serve.	Easier, earlier, and much more predictable—ENs can receive this payment for all or nearly all clients they serve.
Phase 2 Milestones	Phase 1 Outcomes	Easier—gradual reduction in benefits makes earning slightly more than the SGA level more attractive.	No change.
Outcomes	Phase 2 Outcomes	More difficult—requires higher earnings, increased attractiveness of earning between 100 and 200 percent of the SGA level may decrease attractiveness of earning more than 200 percent of the SGA level.	No change.

Under the Simplified Structure, we would expect more EN participation, in the form of either new ENs entering the program or existing ENs accepting additional Tickets. Although the maximum Ticket payment is much larger under the existing payment structure than under the Simplified structure, ENs do not receive that maximum payment for most of the beneficiaries they serve. Instead, most ENs receive a partial payment for some of the beneficiaries they serve, and they receive no payment for others. We expect that ENs would be much more willing to accept Ticket assignments under the Simplified Structure from beneficiaries who might not earn enough to trigger additional payments. In response, ENs could be less selective of the clients they serve. If ENs engaged in selection, they might try to serve beneficiaries who they believed would earn at the SGA level—there would no longer be a reason to prefer serving beneficiaries expected to work at the TWP level over those expected not to work. Under the Simplified Structure, ENs might also be more likely to use the Assignment/Outcome system, in which they would receive a payment at Ticket assignment in addition to when beneficiaries reach earnings thresholds, rather than the Outcome system, in which ENs would receive payments when beneficiaries reach earnings thresholds.

4.3.1 Implications of EN Behavior for Beneficiary Earnings

Because the Simplified Structure could result in substantial changes in who is served under TTW and how they are served, ENs' behavior might have the ripple effect of inducing beneficiaries to increase employment and earnings substantially. However, this depends on how effectively EN-provided employment services increase earnings for those who would be newly served, as well as the size of the expansion in Ticket-taking. Because the TTW program is currently very small, the effect of EN expansion depends largely on the size and nature of that expansion. For example, in 2010 about 4 percent of beneficiaries had their Ticket assigned to an EN (Schimmel et al. 2013). Suppose that the number of Tickets assigned to ENs doubled to 8 percent of beneficiaries. Suppose further that the entirety of the observed difference between participants and nonparticipants in the percentage experiencing at least one month with benefits suspended or terminated due to work were attributable to services provided by ENs. Using figures from 2010, this would increase the percentage of all beneficiaries who experienced one such month from 2.8 percent to 2.9 percent, a 0.1 percentage point or 3 percent relative increase. Given the size of the SSDI and SSI program, even this small increase in the percentage of people experiencing a month without benefits would amount to a substantial savings to SSA.

5. Net Effects for ENs, Beneficiaries, and SSA

In this section, we summarize the net effects of the three EN payment structures discussed in this report, as they would be implemented under the Enhance Work and Earnings Opportunities for People with Disabilities Proposal. We describe the likely effects on payments to ENs, on TTW administrative costs, and on SSDI and SSI benefits paid, and the net effect on SSA costs. In all cases we compare the policy change (the combined Proposal and alternative payment structure) to the current policy (current-law benefit rules and the current TTW payment structure). We expect that the Proposal would have much greater effects on both beneficiary earnings and SSA costs than would any change to TTW payments. TTW administrative costs would be driven largely by the payment structure selected, and the effect on payments to ENs would be the result of both the change in benefit rules and the payment structure. **Exhibit 5-1** summarizes the likely effects on payments to ENs, on TTW administrative costs, and on SSDI and SSI benefits paid, and the net effect on SSA costs for the three payment structures.

Exhibit 5-1. Predicted Effects of Potential EN Payment Structures under the Proposal and Three Alternative Payment Structures

Structure	Likely Effect on Payments to ENs		Likely Effect on TTW Administrative Costs		Likely Effect on SSDI and SSI Benefits Paid		Likely Effect on Net SSA Costs	
Adapted POD Structure	**+**	More Tickets, Outcome payments much easier, Milestone payments slightly harder.	**0/+**	More Tickets and payments processed through current procedures, no new administrative structures.	**0**	Little effect of rules on total benefits paid, but likely changes to distribution of benefits. Little change in effect of TTW.	**+**	Little or no change to benefits paid and administration costs, but more TTW payments.
Modified POD Structure	**0/+**	Slightly more Tickets, slightly more payments for SSI-only Tickets.	**0**	Small change in new Tickets, no change in processes.	**0/-**	Little effect of rules on total benefits paid, but likely changes to distribution of benefits. Increased low-level earnings for SSI-only beneficiaries.	**0**	Relatively small changes to net SSA costs.
Simplified Structure	**+**	More Tickets, at least one payment for each.	**+**	More monitoring. More Ticket assignments, maybe more payments.	**-**	Little effect of rules on total benefits paid, but likely changes to distribution of benefits. Likely more months of partial benefit reduction due to TTW.	**?**	Net effect depends on the relative size of increased and decreased costs.

We expect that, were the Proposal to be adopted and the Adapted POD Structure used, payments to ENs would increase considerably. What are currently Phase 1 Milestone payments would become somewhat harder for ENs to earn for SSDI beneficiaries. This is because, under the Adapted POD Structure, the level of earnings that would trigger this payment for ENs would now result in a 25 percent benefit reduction for beneficiaries. However, Outcome payments would become much easier for ENs to receive for both SSI-only and SSDI beneficiaries, because the Outcome payments do not require benefits to be reduced to $0. Based on the BOND experience, we would expect a substantial increase in SSDI beneficiaries who earn at or above the SGA level, making Outcomes even easier to obtain. This option might increase the cost of administering the TTW program, if SSA had more payments and assignments to process. However, SSA would not need to introduce any new procedures, so this additional cost would likely be small. The net effect of the Proposal and the Adapted POD Structure on benefits would likely be small as well. Based on the BOND experience, we expect the Proposal to slightly increase the total amount of benefits paid, and to have a larger effect on the *distribution* of earnings than its average.[9] Simultaneously, we would expect a small reduction in benefits paid resulting from increased EN services to beneficiaries. On net, implementing the Proposal and the Adapted POD Structure would be expected to result in a reasonably small increase in SSA costs.

Were the Proposal to be adopted with the Modified POD Structure, we would expect a smaller increase in payments to ENs than under the Adapted POD Structure. In comparison, payments for what are now Phase 1 Milestones would be easier, and payments for what are now Outcomes would be harder to achieve. We think there would be little change to SSA's cost of administering the program, as this would not require new systems or procedures, and changes to the number of Ticket assignments and payments to ENs would be fairly small. We would not expect large changes in the amount of benefits paid for SSDI beneficiaries. However, the Modified POD Structure makes it more attractive for ENs to serve SSI-only beneficiaries who they believe are likely to work, at least at low levels. Because SSI benefits are reduced $1 for every $2 in earnings after the SSI disregard level, many SSI beneficiaries with low earnings could experience non-trivial reductions in their benefits. On net, we would expect SSA costs for TTW to be mostly unchanged.

If the Proposal were to become law and SSA to adopt the Simplified Structure, we would expect a substantial increase in payments to ENs. This increase would stem from ENs' accepting more Ticket assignments, where each Ticketholder would generate at least one payment to the EN, regardless of the Ticketholder's earnings. The Simplified Structure would likely require additional monitoring to ensure that ENs were providing the desired level of services. This monitoring would increase administrative costs. We would expect that the Simplified structure would result in lower benefits expenditures for SSA, because more beneficiaries would receive employment services. Service-maximizing ENs, which use additional funds to increase services, would be expected to have a particularly large effect on benefits. On net, this option could either increase or decrease SSA costs, depending on the relative size of increased EN payments and monitoring on the one hand and decreased benefits on the other.

Importantly, this summary does not account for the costs and benefits of TTW that do not accrue to SSA. These non-SSA costs and benefits include implications for other agencies, the government, beneficiaries, and society at large. For example, we have not considered the tax implications of beneficiaries' increased earnings: payroll taxes, income taxes, and sales taxes paid through greater consumption all benefit the government. Similarly, there are concurrent benefits to the government in a reduction in other assistance that beneficiaries would lose if they worked. Beneficiaries can also accrue benefits by having more opportunities to pursue work, and as the result of work. These benefits include both increased income and non-financial benefits.

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9 The BOND rules increased average benefits by about 1 percent (Gubits et al. 2018). The benefit rules in the Proposal are in general less generous, so we would expect any increase in benefits to be smaller than that in BOND. When results from POD are available, they will provide a better approximation of the change in average benefits that could be expected under the Proposal.

6. Options for Future Research & Summary

This report has presented predictions of what would happen to TTW were the Proposal to become law, and potential EN payment systems that SSA could adopt. Although SSA can choose the TTW payment structure that it adopts, SSA also needs information on how other stakeholders would behave to determine the payment structure that best fits the goals of the TTW program. This includes information on how beneficiaries would react to the new benefit rules under the Proposal, how ENs would react to changes in beneficiary behavior and TTW payment rules, and how those EN reactions would further affect beneficiary employment and earnings. The predictions we present are based on currently available research, which in general is quite limited. SSA could pursue future research to improve upon the predictions presented here. That research might consider developing additional information on how beneficiaries would respond to the Proposal, how ENs make choices about whom to serve and how to serve them, and how effective ENs are at increasing beneficiary earnings. We discuss each of these three areas for additional research next before concluding.

6.1 Research on Beneficiary Responses to Benefit Rules

Existing research on beneficiary responses makes it clear that beneficiaries are sensitive to how benefits change with earnings. However, it does not provide straightforward predictions of what to expect under this specific Proposal. That is because determining how the Proposal would affect earnings and the TTW program requires estimating the effect of several simultaneous changes on the distribution of earnings. Most existing evidence considers just one change, such as the elimination of a discontinuity, or an adjustment in net wages. Moreover, existing research focuses on the average effect of that change, either overall or for demographic subgroups. Additionally, much of the existing research comes from settings outside the U.S., where different disability insurance and social safety net systems may result in different beneficiary responses. Research to better inform predicted responses to the Proposal could include a simulation and/or evaluation of a demonstration, as explained next.

Simulation. One option to learn more about beneficiaries' responses to new rules would be through a simulation exercise. This would use data on the work and earnings of a large number of individual beneficiaries. It would then apply estimates from prior literature on the various ways that each individual might adjust earnings in response to a change in benefit rules. These behavioral changes include entering or exiting the labor market, increasing or decreasing earnings, or changing decisions based on kinks or discontinuities in the benefit schedule. Finally, the analysis would then aggregate across individuals to determine how each given change might affect the outcomes of interest to SSA, such as the share of beneficiaries who earn enough to trigger a payment made at 50 percent of the SGA level. A feature of this kind of simulation exercise is that, with a large enough sample, it might be able to examine responses for multiple, various groups of beneficiaries, using profiles to understand the implications for a heterogeneous caseload.

Demonstration. Another option would be to conduct an applied test of an alternative benefit system. Because benefit systems are complicated, and estimated elasticities may not fully generalize to other contexts, a real-world test and evaluation can provide better information on what would happen were an alternative system to be introduced. Testing the effects of alternative benefit systems allows SSA to develop a better understanding of the net effect of these many changes. SSA has a rich history of testing policy changes in the field. To this question, the most relevant examples are the recent BOND and the current POD evaluations. We recommend that SSA carefully review the results from POD when they are available, as they will provide useful information not yet available at the time of this report.

Although POD has much in common with the Proposal, it differs in some key ways. This implies that—although POD might offer useful insights—an additional demonstration would add value. In the POD treatment groups, benefits are adjusted continuously, starting at a given level (the TWP level or the level of Impairment Related Work Expenses up to the SGA level). Additionally, members of the POD treatment groups are provided proactive benefits counseling to help them understand the POD rules, which would presumably not occur under the Proposal. POD is also using a sample of volunteers, who differ from the full population of SSDI beneficiaries (Hock et al. 2020). As a result, the evaluation's results may not generalize to the experiences of all SSDI beneficiaries. Finally, because study participants are able to withdraw from the study at any time, and beneficiaries with some earnings patterns are better off under the POD rules and others worse off, the treatment and control groups may become dissimilar over time, making it difficult to attribute any difference in outcomes to the POD rules. Although we think that the results from POD will greatly improve current knowledge about how beneficiaries would react to the Proposal, SSA might consider generating additional evidence by testing the Proposal rules explicitly. It seems particularly important to understand how beneficiaries would react to the four "steps" in the Proposal. How much would they bunch at discontinuities, and/or choose not to work because it is too difficult to achieve a specific level of earnings?

6.2 Research on EN Behavior

Future research might also explore how ENs react to new benefit rules and new TTW payment rules. The goal of this research would be to understand how ENs make decisions such as whether to participate in TTW, whom to serve, and how to serve them. For example, SSA might use interviews to gather qualitative data on how ENs decide whom to serve, how to serve them, and how to fund their services. SSA could also use its existing data on EN operations to better understand key components of ENs' finances. For example, SSA could examine how much it costs to provide employment services, and how that amount varies across beneficiaries. This might be done using existing data from the Vocational Rehabilitation system, or by collecting data from ENs on their costs and service patterns. This is similar to research on EN behaviors described in our earlier report (Prenovitz, Wood and Epstein, forthcoming).

In addition to these topics, SSA might explore how ENs change their service pattern in response to changes in benefits rules for SSDI beneficiaries. SSA might conduct interviews to learn about how feasible ENs believe it is for the Ticketholders they serve to increase earnings to 200 percent of the SGA level, or the services they might employ to support Ticketholders in achieving varying levels of earnings. SSA could also explore how ENs have reacted to members of the POD treatment group. Because POD is relatively small and new, we would not expect the demonstration to have detectable effects on the number of ENs, the number of Ticket assignments, or other concepts that could be measured in national data. Instead, this analysis might take the form of interviews, or a simulation exercise at the EN level to predict how an EN's payments would change if its Ticketholders were covered by the POD rules.

6.3 Research on EN Effectiveness

A third topic for further research would be the effectiveness of EN services as they are delivered. The goal of this research would be to estimate the effect of the full package of EN services—which could be either greater or less than the sum of its parts, depending on how services interact. This research would differ from similar research described in the previous report for this project (Prenovitz, Wood and Epstein, forthcoming), in that it would focus on the packages of services that ENs deliver, rather than the effects of individual EN services. SSA might use existing data from the Disability Analysis File to compare earnings for those who assign a Ticket to an EN to earnings for similar beneficiaries who do not. Similar beneficiaries could be identified by propensity score matching, for example.

Another way to research the topic of ENs' effectiveness would be to identify a factor that influences Ticket assignment but not earnings, and use variation in this factor to isolate the effect of assigning a Ticket to an EN. (This is an instrumental variable analysis.) Although there was variation in the timing of the initial roll-out of TTW, attempts to use this to estimate the effects of TTW have not resulted in robust estimates of the effects of TTW on earnings (Stapleton et al. 2013). However, it is possible that other factors would serve as more effective instruments. These might include geographic variation in the availability of ENs, or changes to Ticket mailings that might have influenced awareness of the program. SSA could also intentionally create such variation by promoting the TTW program to some beneficiaries and not others. This might be targeted at all beneficiaries, new beneficiaries, Work Incentives Planning and Assistance users, or some other group. SSA could consider promoting particular ENs or types of ENs to generate information about the relative effectiveness of ENs with different characteristics. For example, if SSA were interested in understanding the value of having a local EN, SSA could randomly assign beneficiaries to three groups—one that would receive no promotion, one that would receive materials promoting their local ENs, and one receiving materials promoting national ENs. SSA could use a factorial model to investigate the effects of multiple EN characteristics simultaneously.

6.4 Summary

This report discusses the implications of the Proposal for TTW by considering reactions by stakeholders. Beneficiaries could react by changing their earnings. SSA could change the EN payment structure to make it consistent with the new policy environment. SSA could also change the EN payment structure to help it achieve other goals of the TTW program, such as encouraging ENs to participate and ensuring that they provide effective services. ENs could react to these changes—benefit rule changes from the Proposal, changes to beneficiary earnings as a result of the new benefit rules, and TTW program changes—by altering their own behavior. This could in turn affect beneficiary earnings. All of these changes would have implications for EN viability, beneficiary earnings and benefits, and SSA's net costs.

Throughout this report we rely on existing research on beneficiaries and ENs to make general predictions about the effect of the Proposal and potential new EN payment structures. SSA could gain more insight into how beneficiaries and ENs would react by conducting targeted research in this area, as described in this final section.

Were SSA to change benefit rules beyond what is detailed in the Proposal, we would expect different results. However, much of the analysis here might apply if other, similar rules were adopted. For example, benefit rules that include the payment of partial benefits for those earning above SGA would make it more difficult for ENs to obtain any payment that is triggered by a month with $0 benefits, but easier to obtain payments triggered by earnings of SGA. If new SSDI benefit rules become law, SSA can use these general predictions as a starting point for more-detailed analysis.

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Appendix. Administration of TTW Program by Department of Labor

SSA also asked Abt Associates to consider the implications of a legislative proposal to reposition the TTW Program to the Department of Labor (DOL), where it would be administered by the Employment and Training Administration (ETA) with the assistance of the Office of Disability Employment Policy. The proposal was included in the President's Budget Request for SSA for FY2021, with a statement that "the Budget proposes to relocate the administration of TTW to DOL and replace the complicated voucher and payment model with performance-based grants to the States." On September 29, 2020, the DOL published a Request for Information (RFI) in the Federal Register, requesting public comment on the legislative proposal. The RFI provided the following detail on the proposed change:

> Program redesign would include aligning Ticket performance measures with WIOA core performance measures, improving the capacity of state public workforce systems to serve persons with disabilities, and changing the payment structure from individual vouchers [payments to ENs] to one in which states receive base administrative funding based on a formula and additional payments that reflect level of performance. State and local workforce entities would receive funding and technical assistance from ETA in order to better serve disability beneficiaries, with a portion of Ticket funding reserved for rewarding strong performance and program innovation. States and localities would be allowed greater flexibility in tailoring services to fit local circumstances. The redesigned program would retain key features of the current program, such as benefits counseling and suspension of SSA medical Continuing Disability Reviews (CDRs) while program participants pursue employment (DOL 2020).

In this appendix we identify key issues that SSA and DOL would need to consider to pursue the transfer of TTW to DOL. We organize these key decisions through a series of questions. Thereafter, we identify some relevant prior programs and transitions that provide insights into the practical implications if this proposal should move forward.

The identification of questions and discussion of related key decisions in this appendix is based on a review of some of the 146 public comments that were submitted in response to the DOL RFI, prior research on efforts to improve workforce services for people with disabilities, and Abt's knowledge of TTW and the workforce system.

Key Issues

Transferring TTW from SSA to DOL would involve substantial changes for SSA, DOL, beneficiaries, and current TTW service providers. TTW was authorized under the Ticket to Work and Work Incentives Improvement Act of 1999. The program provides SSA disability beneficiaries with expanded access to rehabilitation and employment services. SSA provides beneficiaries with a Ticket that they can use to obtain vocational rehabilitation, employment, and other support services from participating providers called Employment Networks (ENs). Shifting TTW to DOL would potentially change payment structures, service providers, and services offered. With this introduction, we now turn to a series of questions, the responses to which offer initial insights into how TTW might need to evolve if repositioned to DOL.

- **What legislation would be required to make this change?** SSA and DOL could begin by considering legislative requirements: what changes would need to be passed through legislation, how the legislation would be crafted, who would sponsor it, and how it would be passed.
- **How much funding would be allocated to TTW?** SSA and DOL would need to determine the budget for a repositioned TTW program. This decision might include plans for how to adjust funding levels in the future, and whether supplemental funds would be available during transition or times of high demand for employment services. Overall funding levels would have important implications for the types and intensity of services that a repositioned TTW program could provide.
- **How would funding be structured?** SSA and DOL have suggested that funds would be divided between block grants to states and performance-based funding. Other important decisions include how much of the overall funding would be assigned through each funding stream, how block grant amounts would be calculated, how block grant amounts would change over time in response to population or other shifts, how performance would be measured, and how performance-based payments would be made. This payment structure would need to balance two goals: providing enough funding for all, and providing incentives to encourage performance. If block grants did not cover the costs of implementing the new TTW program, or did not cover it in some areas, then this might hamper the ability of AJCs to provide services to beneficiaries. Performance-based payments would have the potential to incentivize and reward innovative models and effective implementation. However, if they primarily rewarded states that have strong economies or well-developed workforce systems, this could result in funding going to states that need less help than others.
- **What would be the relationship between TTW and DOL's current WIOA programs?** WIOA includes four core programs. Two of these are DOL programs (Title I WIOA Adult, Dislocated Worker, and Youth; and Title III Wagner-Peyser Employment Service), and two are under the Department of Education (Title II Adult Basic Education and Literacy, and Title IV Vocational Rehabilitation). WIOA also covers required partners including other training programs such as Job Corps and YouthBuild, and encourages relationships with optional partners such as TTW as currently constructed (Brown and Holcomb 2018). Programs covered by the various titles of WIOA are subject to their own rules, and the programs' required partners also face their own rules of engagement.

The Workforce Innovation and Opportunity Act (WIOA) in Brief

WIOA, passed in 2014, touches the operations of many programs. This includes the **core programs**: Adult, Dislocated Worker, and Youth; Adult Basic Education and Literacy; Wagner-Peyser Employment Service; and Vocational Rehabilitation. It also mandates that **required partners** participate in the American Job Center (AJC) network, and encourages the participation of other programs, termed **optional partners** (Brown and Holcomb 2018).

AJCs bring together different programs and resources to deliver a broad array of services for people seeking employment. AJCs can be comprehensive, meaning they provide the full array of AJC services, affiliate, meaning they provide a subset of services, or virtual.

Most **WIOA funding** is provided to states and territories based on the size and characteristics of their populations. Other funding is awarded based on grant applications or performance-based structures. States and their local workforce development boards determine how this funding will be allocated within the state and direct program operations.

WIOA mandates the collection of information on **performance measures**. These include participants' employment rates two and four quarters after being served, average earnings two quarters after being served, credential attainment, measurable skill gains, and effectiveness of serving employers. Regulations detail how each measure is calculated, including who is included in the calculation. Core programs and other programs authorized by WIOA are required to collect this information.

Should TTW be situated within this funding structure, then much about TTW would have to change accordingly. For example, TTW would have to accommodate new funding structures, rules about the services it could provide or the service delivery model it could pursue, and use of performance measures and benchmarks. It might also be possible to configure TTW under its own Title as part of WIOA, or run TTW as a non-WIOA program that shares some key features with WIOA programs.

- **How would TTW and State Vocational Rehabilitation (VR) Agencies interact?** Currently, SSA makes payments to VR agencies when they serve SSA disability beneficiaries either through TTW's EN payment systems or through cost reimbursement when cases are closed successfully. SSA and DOL would need to determine whether the cost-reimbursement model would continue under a repositioned TTW program, and if so if payments would be made by SSA or flow through DOL. SSA and DOL could consider policies and procedures that would encourage collaboration between AJCs and VR agencies and make their respective responsibilities clear.
- **What kinds of services would be delivered, and how?** AJCs generally operate on a very different service model from that used by ENs. Several respondents to DOL's RFI note that workforce services are generally short-term and often delivered in groups, that AJCs are open during regular business hours, and expect clients to choose from a menu of existing options. In comparison, ENs are expected to have ongoing relationships with Ticketholders, deliver individualized services to respond to each person's needs and goals, and have the flexibility to respond to needs that arise outside of business hours or could be addressed by an AJC only after receiving approvals. TTW emphasizes individual choice to select a provider that meets the individual's needs. If TTW were to be repositioned to DOL, and especially if it were fully integrated into AJCs, SSA and DOL would need to consider which features of the TTW model are important to maintain, and whether it would be possible to do so.
- **What organizations would deliver services?** Several responses to the DOL RFI note that AJC staff do not generally have detailed, specialized knowledge of disability and SSA benefits. In a 2017 study, Chamberlin et al. found that a substantial number of AJCs were not fully accessible to people with disabilities). As part of the implementation of WIOA, AJCs have been working to address barriers to accessibility, though they continue to face challenges to doing so (English and Holcomb 2020). If AJCs were to be fully accessible in order to deliver TTW programming, then a small number of AJCs might need to relocate or renovate their physical locations in order to be physically accessible, and others might need to acquire assistive technology or make changes to their operations to become "programmatically accessible," meaning that people with disabilities would have access to services available to those without a disability. If TTW were to be repositioned, then SSA and DOL should evaluate the accessibility of the organizations that deliver TTW services, be they AJCs or other organizations.
- **Who would deliver services within those organizations?** In order for TTW to be delivered through AJCs, it might be necessary to provide general training on the program to all AJC staff. It also might be necessary to train or hire specialized staff who could offer some of the more specialized services that are currently provided through TTW. Specially trained staff would be particularly important if AJCs were to provide benefits counseling, and even more so if SSA's Work Incentives Planning and Assistance (WIPA) program were to be repositioned to DOL, as the RFI suggests is under consideration. AJCs might explore contracting with current WIPA grantees or ENs to fill these specialized roles. They might also consider how to provide access to specialized services in all AJC locations. SSA and DOL might consider offering supplemental funding during the early years of a transition to allow for the staff time and other costs needed to address these issues. They might also

consider creating a transition plan so that current TTW participants and other SSA disability beneficiaries could continue to receive employment support while AJCs prepared to serve them.

- **Would current ENs be incorporated into the repositioned TTW program?** The implications of repositioning TTW for existing employment networks would likely vary depending on the type of EN. Several types of ENs currently participate in TTW. These include **traditional ENs**, which provide services to Ticketholders, **workforce ENs**, which are workforce organizations participating in the TTW program, **employer ENs**, which employ Ticketholders they serve, **administrative ENs**, which serve as the EN of record for a number of organizations, and **consumer-directed ENs**, which provide funds for consumers to purchase their own employment supports and services. VR agencies can also serve as ENs and accept Tickets, or serve Ticketholders through a cost-reimbursement model. Although workforce ENs could continue to participate in TTW, albeit in a slightly different way, it seems unlikely that consumer-directed ENs would have a role in a repositioned TTW. Traditional, employer, and administrative ENs might continue to operate by partnering with AJCs, or establishing or expanding partnerships with VR agencies to deliver similar services to those they currently provide. It is unknown how common such arrangements would be, and establishing these partnerships would take time. ENs for whom TTW is a small part of the work they do would be better positioned to weather a transition process than would smaller ENs and those that are focused on TTW. SSA and DOL could also shape whether and how existing ENs are included through the design of a repositioned program.
- **What measures would be collected to determine performance-based payments and provide quality assurance?** WIOA performance measures primarily capture employment and earnings two and four quarters following exit from the program, as well as credential attainment and measurable skill gains (DOL 2017). These outcomes are designed for a general population and the service model used in WIOA programs, which tends to serve people for a relatively short period of time before they leave the program working or ready to work. Adopting the current WIOA performance measures would not capture—and thus not incentivize—employment gains that evolve slowly over time, or the benefits of ongoing supports. The current WIOA performance measures also focus on group averages rather than individual outcomes. Providers might respond by shifting their service model to deemphasize ongoing support, or to attempt to exclude those they think unlikely to achieve employment success. WIOA currently has little latitude for alternative measures. However, it might be possible to adopt alternative measures for TTW in the legislation that would reposition the program.
- **How would the transition be managed?** Transitioning a program to a new agency would likely carry both monetary costs and disruptions. As noted above, AJC staff would need substantial training in order to be prepared to serve beneficiaries. Some RFI comments identified particular sources that could provide support in the transition of TTW from SSA to DOL. For example, the WIPA National Training and Data Center at Virginia Commonwealth University provides training and technical assistance on benefits counseling, and Disability Benefits 101 offers online information on benefits. Additional funding might be needed for the National Training and Data Center to provide expanded support, or for Disability Benefits 101 to expand to cover all states rather than the nine for which information is currently offered. AJCs might also need to integrate TTW into information systems used for their current programs, or at least ensure that the systems are able to communicate in some way. They might need to establish the ability to transmit and receive information about benefit status, TTW participation, and earnings from SSA. This would be particularly important if the WIPA

program were repositioned, as benefits counseling requires detailed accurate information on beneficiaries' benefit and work history.

SSA and DOL might consider how Ticketholders would be served during the transition, especially current TTW participants. If the current TTW program were to end before a repositioned program were ready to serve beneficiaries, that could result in a problematic lapse in services. Even if there were no gap between the programs, however, SSA and DOL might consider methods to limit disruptions in relationships or particular kinds of supports.

One risk of transition is that some ENs might go out of business, or that their staff, expecting the EN to cease or decrease operations, would leave for other positions. SSA and DOL might want to consider steps to mitigate this loss of experienced, talented professionals, perhaps by encouraging AJCs to contract with existing ENs and facilitating those connections, or by providing bridge funding so that ENs could continue to operate during the transition.

Relevant Prior Programs and Transitions

Repositioning the TTW program to DOL would represent a major change for the program on many dimensions, and many key decisions about the nature of and transition to the new program have not yet been made. This makes it difficult to predict how it would affect beneficiaries, ENs, and the SSDI trust fund. However, some past experiences offer insights into what to expect if the repositioning moves forward. In this section we discuss two types of such experiences. The first set comes from DOL programs with goals similar to those that a repositioned TTW program might have. These provide insight into the capacity AJCs already have, opportunities and strategies to expand, and roadblocks that a repositioned TTW program might try to overcome. The second set is from programs that were repositioned from one agency to another or integrated into a larger agency. Information from these experiences provides insights into how such transitions can take place, and the challenges involved.

Prior DOL Programs. DOL has implemented several programs designed to increase the number of people with disabilities who are served by workforce agencies, improve the quality of service they receive, and ultimately improve their employment outcomes. These include the Customized Employment Grants, Disability Employment Grants, Disability Program Navigators, Work Incentive Grants, and Disability Employment Initiative (Livermore and Goodman 2009). These programs were all optional for agencies involved, so adopted only by those who were interested in pursuing them. The programs used varied models, with some focusing more on developing and changing systems, while others focused on delivering a particular service. None of the models were as wide-reaching as current TTW services can be. With the exception of the Disability Employment Initiative, these other initiatives were not subject to rigorous evaluation, so it is impossible to determine how their results compare to what would have happened in the absence of the programs. The Disability Employment Initiative had no significant impact on services to or outcomes of adults served (Klayman et al. 2019).[10] Despite the limited evidence, these programs identified promising practices, possible service models, and some of the barriers that a repositioned TTW program would need to overcome. Should this proposal move forward, SSA and DOL

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10 The Disability Employment Initiative did change the composition of youth who were served, increasing the prevalence of those without prior employment, and increased the duration of service use for youth (Klayman et al. 2019). The Disability Employment Initiative also decreased the likelihood of exiting to employment or education during follow-up, but this may be in part due to the change in composition and the longer service duration.

could collect and consider evidence from these programs to inform how best to design a repositioned TTW program.

Prior Transitions. SSA and DOL might also consider experiences of other programs that have been repositioned from one agency to another. The 2016 transition of vocational rehabilitation services in Texas from the Texas Department of Assistive and Rehabilitative Services to the Texas Vocational Rehabilitation Services within the Texas Workforce Commission might be helpful to identify opportunities, challenges, and strategies to better integrate intensive employment services for people with disabilities into the workforce system. RFI respondents noted that the transition required the establishment of new relationships and systems, and that it took several years to truly begin to develop them. Another instance that might be instructive on the topic of shifting a program from one department to another is the 2014 transition from the National Institute on Disability and Rehabilitation Research in the Department of Education to the National Institute on Disability, Independent Living, and Rehabilitation Research in the Department of Health and Human Services. As with the transition of vocational rehabilitation services in Texas, this transition caused substantial disruptions for the program and its grantees. To learn more from these past transitions, SSA and DOL might seek out internal documentation, or collect information from key informants on the processes, challenges, and costs involved.