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Work-Oriented Social Security Disability Beneficiaries: Characteristics and Employment-Related Activities¹

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The Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) programs provide income support to working-age individuals (age 18 to 65) deemed unable to engage in substantial gainful activity (SGA) due to a significant and long-lasting health condition.² Given these program eligibility criteria, it is not surprising that only about 10 percent of SSI and SSDI beneficiaries are working at any given time. However, many more indicate that their personal goals include work or that they see themselves working in the near future.

This brief presents information about the number, characteristics, and employment-related activities of working-age SSI and SSDI beneficiaries who report having work goals or expectations. We refer to these individuals as “work-oriented” beneficiaries.³ The statistics shown are from a more detailed report (see Livermore et al. 2009) and are based on analyses of a nationally representative survey of working-age SSI and SSDI beneficiaries.⁴ The survey data were matched to SSI and SSDI administrative data and to annual Internal Revenue Service (IRS) earnings records to analyze the earnings and benefit receipt of survey respondents during, and three years after, the year of interview.⁵

How many working-age SSI and SSDI beneficiaries are work-oriented, and how do they differ from other beneficiaries? In 2004, 40 percent of working-age disability beneficiaries reported having work goals or expectations. Based on the current number of disability program participants, that percentage translates into about 4.5 million individuals.⁶ These work-oriented beneficiaries differed from other beneficiaries in many respects: for example, they were younger, more likely to be nonwhite, and more educated. They also had been on the disability rolls for a shorter time during their most recent period of entitlement, were more likely to have experienced childhood disability onset, had lower levels of non-SSA benefits and income from assistance programs, and reported being in better health.

What share of work-oriented SSI and SSDI beneficiaries are actively engaged in employment-related pursuits? Not surprisingly, work-oriented beneficiaries were much more likely to report engaging in work-related activities than beneficiaries without work goals or expectations (Exhibit 1). Just over half of all work-oriented beneficiaries indicated participating in any recent employment-related activities, compared with just 6 percent of beneficiaries

¹ This brief is based on a report prepared for the Social Security Administration (SSA) as part of the evaluation of the Ticket to Work program, under Contract No. 0600-03-60130. All opinions expressed are those of the author and do not reflect the official views of SSA or Mathematica Policy Research.

² To be eligible, an applicant must be unable to engage in SGA due to a medically determinable physical or mental impairment that can be expected to last at least 12 months or to result in death. In 2009, SSA considers earnings above \$980 per month as SGA for nonblind applicants and above \$1,640 per month for blind applicants.

³ Survey respondents were asked if their personal goals included getting a job, moving up in a job, or learning new job skills. Respondents were also asked if they saw themselves working for pay in the next year and in the next five years. Those providing a positive response to any of these questions were classified as work-oriented.

⁴ The data presented are from the 2004 National Beneficiary Survey (NBS), a nationally representative survey of 7,603 SSI and SSDI beneficiaries age 18 to 64. See Thornton et al. (2006) for a description of the 2004 NBS.

⁵ To comply with IRS requirements, SSA staff produced all statistics based on these records and verified that the statistics do not reveal personal information.

⁶ In August 2009, there were approximately 11.3 million disabled individuals age 18 to 64 participating in the SSI and SSDI programs (SSA 2009).

Exhibit 1. Recent Employment-Related Activities Reported at Interview in 2004, by Work-Orientation Status^w

	All Beneficiaries	Work-Oriented	Not Work-Oriented
Percentage of All Beneficiaries	100	40	60
Recent Use of Employment/Training Services (%)			
Not working because waiting to finish school/training program	4	10	1
Used employment or training services in calendar year before interview	9	17	3
Used employment or other services in calendar year before interview specifically for getting a job or increasing income	3	7	1
<i>Any use of employment/training services</i>	<i>12</i>	<i>24</i>	<i>4</i>
Recent Work Activities (%)			
Working at interview	9	21	1
Looked for work during the four weeks prior to interview	6	13	1
Worked during the calendar year before interview	13	29	2
<i>Any recent work activities</i>	<i>18</i>	<i>41</i>	<i>3</i>
Any of the Above Activities (%)	24	52	6

Source: Livermore et al. (2009) based on the 2004 NBS. Sample size = 7,603.

Note: All statistics for work-oriented beneficiaries are significantly different from beneficiaries who were not work-oriented at the 0.05 level, two-tailed test.

classified as not work-oriented. More specifically, about one-quarter of work-oriented beneficiaries received training or services during the previous year that were intended to enhance their employment prospects, and 41 percent reported engaging in or actively seeking work. By comparison, only 4 percent of beneficiaries classified as not work-oriented reported using employment/training services, and just 3 percent reported engaging in or pursuing work.

How successful are work-oriented beneficiaries at working and earning above SGA? Overall, 27 percent of beneficiaries had earnings in at least one year during 2004 to 2007, including 7 percent with earnings above the annualized SGA level in at least one year (Exhibit 2). As expected, work-oriented beneficiaries were significantly more likely to have earnings and to have higher earnings relative to other beneficiaries. Nearly half of all work-oriented beneficiaries (45 percent) had earnings in at least one of the four years, compared to just 15 percent for others, and 13 percent had earnings above annualized SGA, compared to just 3 percent of others. Among those with earnings, work-oriented beneficiaries had higher average earnings (\$7,091 versus \$5,121) and were more likely

to have earnings in multiple years (80 percent versus 66 percent) (statistics not shown). Among work-oriented beneficiaries, SSI-only beneficiaries were significantly less likely than others to have earnings in any of the four years, and both SSI-only and concurrent (those receiving both SSI and SSDI) beneficiaries had lower average earnings and were significantly less likely to earn above SGA than SSDI-only beneficiaries.

How successful are work-oriented beneficiaries at leaving the disability rolls due to work? Leaving the rolls due to work—that is, having cash benefits suspended or terminated due to earnings—is relatively uncommon in the disability programs. It is particularly rare for SSDI beneficiaries, who must first complete a nine-month trial work period with earnings above the SGA level before cash benefits are suspended. Though it’s an infrequent occurrence, work-oriented beneficiaries were nearly three times as likely to have left due to work for at least one month during 2004 to 2007 relative to those who were not work-oriented (9.7 percent versus 3.4 percent) (Exhibit 2). Among work-oriented beneficiaries who left due to work for at least one month, about half (4.5 percent overall) left the rolls for longer

Exhibit 2. Employment Activity and Months off the Disability Rolls Due to Work During 2004 to 2007, by Beneficiary Subgroup

	All Beneficiaries	All Not Work-Oriented	Work-Oriented Beneficiaries			
			All	SSDI Only	Concurrent	SSI Only
Percentage of All Beneficiaries	100	60	40	19	7	14
Earnings in One Year Only (%)	7	5 ^c	9	8	12	9
Earnings in All Four Years (%)	11	5 ^c	21	24	23	15 ^d
Earnings in One or More Years (%)	27	15 ^c	45	49	51	37 ^d
Average annual earnings ^a	\$6,442	\$5,121 ^c	\$7,091	\$8,605	\$4,781 ^d	\$6,087 ^d
Earnings Above Annualized SGA in at Least One Year (%) ^b	7	3 ^c	13	16	12 ^d	10 ^d
Months off the Disability Rolls Due to Work During 2004–2007 (%)						
0 months	94.1	96.6 ^e	90.3	92.0 ^f	88.9	88.8
1–3 months	1.2	0.6 ^e	2.0	1.3 ^f	2.4	2.8
4–12 months	2.0	1.2 ^e	3.1	2.1 ^f	4.5	3.9
13–24 months	1.8	1.5 ^e	2.3	1.1 ^f	3.1	3.4
25–48 months	0.9	0.1 ^e	2.2	3.5 ^f	1.1	1.2

Source: Livermore et al. (2009) based on data from the 2004 NBS matched to SSI and SSDI program data and annual IRS earnings data. Sample size = 7,603.

^a Earnings are expressed in 2007 dollars, adjusted based on the national Average Wage Index. To calculate average annual earnings, we first computed the individual averages using only years when the individual had positive earnings. We then calculated average annual earnings using the individual averages among those with positive earnings in at least one year.

^b The annualized SGA level was approximately \$11,000 in each year when expressed in 2007 dollars.

^c Significantly different from all work-oriented beneficiaries at the 0.05 level, two-tailed test.

^d Significantly different from work-oriented SSDI-only beneficiaries at the 0.05 level, two-tailed test.

^e Significantly different from distribution for all work-oriented beneficiaries at the 0.05 level, chi-square test.

^f Significantly different from the distributions for work-oriented concurrent and SSI-only beneficiaries at the 0.05 level, chi-square test.

than one year. Given the limited work-related activities observed among those without work goals/expectations, it is perhaps surprising that even 3 percent left the rolls due to work for at least one month. It might be that circumstances and work expectations changed after the interview in 2004. It is also true that, for a few beneficiaries, recent work activity at the time of interview was not necessarily associated with having work-related goals or expectations.⁷

Work-oriented SSI-only and concurrent beneficiaries were significantly more likely to leave the rolls for at least one month due to work relative to their SSDI-only

counterparts (11 percent versus 8 percent). This may be because the SSI benefit offset reduces benefits when earnings are well below SGA. Those with high SSDI benefits may also be less willing or able to earn enough to replace the benefits that are lost when earnings exceed the SGA level.

Conclusions. The findings suggest that beneficiaries can be categorized into three groups based on their work-related efforts and expectations. The largest group (60 percent of all beneficiaries) is made up of beneficiaries who do not plan or expect to work. Members of the second group (20 to 22 percent of all beneficiaries)

⁷ As shown in Exhibit 1, 6 percent of beneficiaries without work goals or expectations reported having engaged in recent work-related activities when interviewed in 2004.

are interested in or expect to pursue work but have not recently engaged in work-related activities and/or have no earnings during the three-plus years following interview. A large share of this group might represent beneficiaries with exaggerated expectations, but many might also be coping with health problems or other circumstances that limit their ability to pursue employment. Members of the third group (18 to 20 percent of all beneficiaries) have work goals and expectations, are actively pursuing them, and achieve some success during the three-plus years following interview. This is perhaps the group that will benefit the most from policies designed to promote and support work, although such policies also could help convert members of the second group into members of the third. Regardless, it appears that the government and program participants stand to benefit greatly from SSI and SSDI programs that provide greater economic incentives and supports for employment.

The findings also suggest that the employment statistics for all beneficiaries can be misleading. Many beneficiaries (the findings here suggest 60 percent) express no interest in work. Including these individuals in beneficiary employment statistics paints a much less successful

picture of the efforts of the beneficiaries who actually view employment as a realistic and desirable option.

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