

# EMPLOYMENT OF INDIVIDUALS IN THE SOCIAL SECURITY DISABILITY PROGRAMS

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*The articles in this special issue present findings from research on the employment and work-related activities of individuals receiving benefits through the Social Security Disability Insurance and Supplemental Security Income programs, and on the factors that hinder their efforts to work at levels that lead to exiting the disability rolls. This article introduces the other articles, highlights their important findings, and discusses the implications for ongoing efforts to increase the earnings and self-sufficiency of these beneficiaries, such as the Ticket to Work program and the Benefit Offset National Demonstration.*

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## Introduction

The Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) programs provide cash assistance to approximately 12 million working-age individuals (age 18 to full retirement age). All have demonstrated an inability to work at substantial levels (as determined by earnings amount, hours worked, and nature of work) due to a long-term, medically determinable impairment; most also receive public health insurance by virtue of their beneficiary status. Both programs have features designed to support the work attempts of beneficiaries with disabilities. Historically, such provisions have focused on allowing beneficiaries to keep more of their cash benefits and retain eligibility for public health insurance as their earnings increased.

In 1999, Congress passed the Ticket to Work and Work Incentives Improvement Act (Ticket Act). The central provision of the Ticket Act was the Ticket to Work (TTW) program, which greatly expanded the types of organizations that the Social Security Administration (SSA) would pay to support beneficiaries’ employment efforts, and thereby offer beneficiaries more access to employment services. When enacted, the Ticket Act was viewed as landmark legislation that could greatly improve employment outcomes for SSI

and DI beneficiaries. Combined with the Americans with Disabilities Act of 1990, the Ticket Act was believed to have finally addressed the most important barriers preventing disability beneficiaries from reaching their employment goals (Pear 1998).

TTW was designed on the premise that many individuals receiving disability cash benefits under the SSI and the DI programs wanted to work, but were hindered by limited access to employment services and a lack of incentives for service providers to encourage long-term earnings at a level that would suspend or terminate disability benefits. TTW attempted to address these issues by providing beneficiaries with performance-based vouchers (tickets) for employment services. These vouchers could be used to obtain services from a wide range of providers within a market-driven system. A key feature of the original TTW

### Selected Abbreviations

DI	Disability Insurance
EN	employment network
SGA	substantial gainful activity
SSA	Social Security Administration
SSI	Supplemental Security Income

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### Selected Abbreviations—Continued

Ticket Act	Ticket to Work and Work Incentives Improvement Act of 1999
TTW	Ticket to Work
VR	vocational rehabilitation

payment system was that it rewarded providers that accepted beneficiaries' tickets with up to 60 monthly payments, but only for those months when a beneficiary received no cash SSI or DI benefits because of earnings. In this way, the program attempted to align the incentives of employment service providers with those of SSA and beneficiaries attempting to exit the disability rolls via work.<sup>1,2</sup> Although the provider payment schedules under TTW were significantly modified in 2008 to shift payments to the front end of the process and increase the parity between the total payments possible for SSI and DI participants, the underlying tenets of the program remained intact.<sup>3</sup>

The Disability Policy Panel, convened by the National Academy of Social Insurance, conceived the performance-based reimbursement and expanded beneficiary-choice features of TTW in 1993 (Mashaw and Reno 1996). The new program was developed in the context of the data available at the time. Unfortunately, statistics on employment and program exits due to earnings for disability beneficiaries in the early 1990s were less than complete. As Berkowitz (2003) noted, the data gave little indication of the effectiveness of the existing system for providing employment supports to beneficiaries:

It does not appear that beneficiaries are coming off the rolls in large numbers due to the efforts of rehabilitation experts. It is true that the numbers are clouded, and SSA has done little to publicize the number of persons who have left the rolls due to medical recovery as compared with those who have left as a result of receiving return-to-work services. This situation results in part from the difficulty in distinguishing the two groups and in part from the lack of attention to any stringent evaluation plan designed to determine if the system has indeed produced trust fund savings.

Notwithstanding the limited information regarding who would use the program and how they would use it, TTW was designed with a market-based approach. Instead of detailing a complex program structure that

specifies which services are provided to whom, TTW relies on the market to determine such decisions. It is up to the service providers and their beneficiary clients to negotiate the needed services and supports, and to implement them when both parties believe there is a reasonable chance of success. As such, TTW places minimal restrictions on who can participate and what are allowable "services" under the program. Congress also gave SSA considerable discretion to modify the program as it developed. The Ticket Act required SSA to conduct a thorough evaluation of the program and to submit periodic reports to Congress to ensure that more complete data on TTW participant work activities and successes would be captured.

SSA implemented TTW beginning in 2002. To meet the congressional mandate, SSA contracted with an independent evaluator to develop a comprehensive data system and track the program's progress. The ongoing evaluation has explored the activities and outcomes of the TTW program through analyses of administrative data, interviews with SSA staff and contractors operating TTW, and more than 25,000 interviews with Social Security disability beneficiaries conducted in the first three rounds of the National Beneficiary Survey (NBS). To date, five evaluation reports have been produced.<sup>4</sup> The TTW evaluation has documented significant interest in employment among nearly one-half of disability beneficiaries. Although there have been many positive developments, SSA's evaluator has found neither a measurable increase in client earnings nor a decline in disability benefit receipt that can be attributed to TTW. Thus, despite continued interest in work among beneficiaries and new opportunities for employment assistance under TTW, significant changes in the proportion of beneficiaries who discontinue disability benefits because of work have not occurred.

Given that TTW has not reached its objectives, it is likely that changing the current program, or replacing TTW with an alternative program or system of supports, will be proposed. As policymakers consider what to do next with work supports for disability beneficiaries, the data resources and analyses conducted for the TTW evaluation will provide them with more complete information on work-related activities for such beneficiaries than was available when TTW was first conceived.

The articles in this issue are drawn primarily from the 2010 TTW evaluation report and provide more expansive information than has been previously available on SSI and DI beneficiaries' work aspirations,

the challenges they face in meeting their employment goals, and the varying degrees of success they have attained. The articles follow three basic themes of inquiry. The first assesses the main premise of TTW—that beneficiaries are trying to work and potentially earn enough to leave the disability rolls, but need help in attaining skills, finding jobs, and maintaining supports as they foray into the job market. The second uses data from the NBS to better understand the challenges and experiences beneficiaries encounter as they attempt to reduce their dependence on Social Security cash benefits through work. The third examines the variation in beneficiary employment statistics observed across states and over time, to assess the premise that factors beyond a beneficiary's personal and disability characteristics influence employment outcomes.

To put these articles into perspective, the next section briefly describes both the work incentive programs offered to Social Security disability beneficiaries and the statistics on beneficiary work activities currently available from published sources.<sup>5</sup> It also highlights how this issue's articles contribute to the existing body of research and statistics.

### ***Disability Program Work Incentives and SSA Employment Statistics***

The SSI and DI programs have different work incentives. SSI payments are not affected by the first \$65 in earned income per month (or \$85 if there is no unearned income), after which SSI payments are reduced by \$1 for each \$2 earned. Special provisions, named for their Social Security Act section numbers, enable working recipients to retain SSI eligibility under certain circumstances. Section 1619(a) enables recipients who earn more than the substantial gainful activity (SGA) level<sup>6</sup> to continue receiving SSI payments until the \$1-for-\$2 calculation brings their cash payment to zero. At that point, SSI recipients enter section 1619(b) status, which allows them to continue to receive Medicaid coverage provided they are still disabled and meet all other eligibility criteria.

In the DI program, work does not immediately affect cash benefits. A trial work period of 9 months (not necessarily consecutive) allows beneficiaries to earn any amount and still receive full benefits. If earnings exceed the trial work level in a given month,<sup>7</sup> it is recorded as a trial work month. When 9 months are so recorded, DI beneficiaries enter the extended period of eligibility. After a 3-month grace period, cash benefits are suspended for any months during the extended period in which earnings exceed the SGA

level. Once the grace period and the first 36 months of the extended period have been completed, benefits are terminated in the first month of SGA.<sup>8</sup>

SSA does not actually track SSI terminations due to work—technically, the agency does not terminate cash benefits for SSI recipients specifically because of their work activity. If a recipient's earnings, either alone or in combination with other income, make the individual ineligible for SSI cash payments, then those payments are suspended and the recipient enters section 1619(b) status. Medicaid eligibility can continue indefinitely as long as the SSI recipient continues to meet SSA's medical eligibility requirements. These individuals continue to appear on SSA's rolls in suspended SSI payment status for as long as this Medicaid eligibility continues. SSI recipients who remain in suspended status for 12 continuous months are technically considered terminated once they exceed their state's 1619(b) threshold, but no change in status is reflected in the SSA data. In all cases except death, SSA will record termination status for these individuals only if they attempt to restart cash benefits. At that point, SSA determines that their previous SSI eligibility terminated, and a new application is required. If a former recipient's income falls enough to restart benefits before 12 consecutive months have elapsed, he or she reenters current-payment status.

### ***Cross-Sectional Statistics***

Although SSA data systems do not record SSI payments terminated specifically because of earnings, there are ways to approximate the number of such terminations using data in published reports. For example, Table 1 shows the number of SSI recipients in 1619(b) status. Participation rose from 0.74 percent in 1987 to 2.23 percent in 2000, before dropping back to 1.80 percent in 2003, then rising again in subsequent years. These figures overstate the number of recipients entering 1619(b) status each year because recipients can remain in this status for long periods. To estimate a lower bound, we can use the annual increase in 1619(b) participation (averaging about 0.06 percent during 1998–2006). The actual number entering 1619(b) status is likely to be larger because people leave 1619(b) status for various reasons, including death, returning to cash payments, not using Medicaid services and, rarely, for earning amounts exceeding the state 1619(b) threshold. Alternatively, the proportion of recipients whose SSI payments were suspended for income has been about 10 percent annually since 1994, and the percentage terminated

**Table 1.**  
**SSI working-age recipients, section 1619(b) participants, and payment suspensions and terminations, 1987–2009**

Year	Number of recipients aged 18–64	Section 1619(b) participants <sup>a</sup>		Suspended for excess income (age 18–64 only)		Terminated for excess income (age 18–64 only)	
		Number	Percent	Number	Percent	Number	Percent
1987	2,118,710	15,632	0.74	--	--	--	--
1988	2,202,714	15,625	0.71	--	--	--	--
1989	2,301,926	18,254	0.79	--	--	--	--
1990	2,449,897	23,517	0.96	--	--	--	--
1991	2,641,524	27,264	1.03	--	--	--	--
1992	2,910,016	31,649	1.09	--	--	--	--
1993	3,148,413	35,299	1.12	--	--	--	--
1994	3,335,255	40,683	1.22	313,600	9.40	--	--
1995	3,482,256	47,002	1.35	348,300	10.00	--	--
1996	3,568,393	51,905	1.45	327,600	9.18	--	--
1997	3,561,625	57,089	1.60	317,100	8.90	--	--
1998	3,646,020	59,542	1.63	324,100	8.89	220,100	6.04
1999	3,690,970	69,265	1.88	323,800	8.77	221,300	6.00
2000	3,744,022	83,572	2.23	340,600	9.10	228,200	6.10
2001	3,811,494	76,455	2.01	353,300	9.27	229,300	6.02
2002	3,877,752	82,177	2.12	375,100	9.67	254,800	6.57
2003	3,953,248	71,097	1.80	363,700	9.20	253,100	6.40
2004	4,017,108	73,681	1.83	392,800	9.78	278,050	6.92
2005	4,082,870	78,205	1.92	392,840	9.62	290,006	7.10
2006	4,152,130	89,350	2.15	391,737	9.43	272,946	6.57
2007	4,221,920	97,551	2.31	399,877	9.47	258,701	6.13
2008	4,333,096	99,482	2.30	438,447	10.12	262,551	6.06
2009	4,451,288	91,534	2.06	468,793	10.53	292,731	6.58

SOURCE: SSA, *SSI Annual Statistical Report*, various years 2002–2009.

NOTE: -- = not available.

a. Includes blind participants. Of the 91,534 participants in December 2009, 1,589 were blind.

for income has varied between about 6 percent and 7 percent since 1998. However, for most SSI recipients suspended or terminated for income, the action is a result of excess unearned income or the income of somebody responsible for providing partial support (a “deemor”—usually a spouse or parent), rather than due to their own earnings. SSA estimates that only about 8 percent of terminations involve a recipient’s earned income. If this 8 percent figure has been stable over time, it is suggested that terminations due to own earnings would be about 0.5 percent over the years observed in Table 1, with no perceptible change since TTW implementation.

There are similar issues with historical DI data. SSA began reporting DI terminations due to work or medical recovery shortly after the program was enacted in 1955.<sup>9</sup> Because work recoveries were mixed with medical recoveries, the continuing disability

review (CDR) process affected the termination statistics and the percentages tended to fluctuate in response to year-to-year changes in SSA policy and funding for conducting CDRs (Table 2). In the early 1980s, for example, with more funding and a greater emphasis on CDRs, recoveries tended to increase. Conversely, in the late 1980s, when emphasis on CDRs declined, the recoveries tended to fall (Newcomb, Payne, and Waid 2003). SSA began to publish statistics specifically on DI suspensions and terminations that result from SGA earnings beginning in 2001. As Table 2 shows, since the implementation of TTW in 2002, little has changed in terms of DI benefit suspensions or terminations due to earnings, and both have hovered around 0.5 percent.

### **Longitudinal Statistics**

Although cross-sectional statistics such as those shown in Tables 1 and 2 are useful in tracking trends

**Table 2.**  
**Disabled-worker DI beneficiaries, benefits terminated because of medical recovery, and benefits suspended and terminated because of SGA, 1980–2009**

Year	Number of disabled-worker beneficiaries	Benefits terminated because of medical recovery (%)	Suspended because of SGA		Terminated because of SGA	
			Number	Percent	Number	Percent
1980	2,858,680	2.85	--	--	--	--
1981	2,776,519	4.09	--	--	--	--
1982	2,603,599	5.93	--	--	--	--
1983	2,569,029	4.74	--	--	--	--
1984	2,596,516	2.13	--	--	--	--
1985	2,656,638	0.86	--	--	--	--
1986	2,728,463	0.85	--	--	--	--
1987	2,785,859	1.32	--	--	--	--
1988	2,821,070	1.30	--	--	--	--
1989	2,886,590	1.05	--	--	--	--
1990	3,011,130	0.99	--	--	--	--
1991	3,198,610	0.83	--	--	--	--
1992	3,473,330	0.86	--	--	--	--
1993	3,729,330	0.79	--	--	--	--
1994	3,966,590	0.90	--	--	--	--
1995	4,186,720	1.11	--	--	--	--
1996	4,386,040	1.13	--	--	--	--
1997	4,505,760	2.27	--	--	--	--
1998	4,697,010	1.07	--	--	--	--
1999	4,873,560	1.16	--	--	--	--
2000	5,035,840	1.34	--	--	--	--
2001	5,268,039	1.24	31,437	0.60	29,000	0.55
2002	5,539,597	1.14	29,501	0.53	29,165	0.53
2003	5,868,541	0.98	25,780	0.44	27,926	0.48
2004	6,197,385	0.98	23,709	0.38	28,613	0.46
2005	6,519,001	--	27,713	0.43	36,263	0.56
2006	6,806,918	--	33,613	0.49	36,242	0.53
2007	7,098,723	--	37,701	0.53	33,381	0.47
2008	7,426,691	--	38,209	0.51	37,711	0.51
2009	7,788,013	--	35,244	0.45	32,445	0.42

SOURCES: SSA, *Annual Statistical Report on the Social Security Disability Insurance Program*, 2001–2009; Zayatz (2005).

NOTE: -- = not available.

over time, the transition to work is dynamic. Researchers have long recognized the value of longitudinal statistics in examining work-related activities. Over the years, they have developed useful dynamic analyses of transition-to-work activities, including SSA's ground-breaking longitudinal study of DI beneficiaries in the 1980s and early 1990s (Muller 1992). Other studies have taken more limited looks at beneficiary employment over long periods (Newcomb, Payne, and Waid 2003). Although these studies make significant contributions, they predate TTW, tend to be of limited scope, or are based on relatively small samples of SSI or DI beneficiaries. Further, these earlier studies

generally rely on self-reported earnings of SSI and DI beneficiaries, and thus may suffer from varying degrees of reporting bias. Overall, published information on the work activities of SSI and DI beneficiaries is better than it was in the early 1990s, when TTW was first conceived, but not tremendously so, and many limitations for policy analysis and evaluation remain.

The articles in this issue address the information gaps by providing more recent and complete data on the static and dynamic employment activities of SSI and DI beneficiaries. To accomplish this, these studies rely on data from the NBS, Social Security

administrative records, and matched data from the Internal Revenue Service and the Education Department's Rehabilitation Services Administration. In developing these broad-based statistics, the hope is to shed additional light on why the benefit termination figures remain so small when so many beneficiaries report a desire to work.

The primary contribution of the studies presented in this issue is the breadth of the reported statistics. The articles do not use particularly sophisticated techniques, and in many cases they focus on presenting simple descriptive statistics. They consider SSI and DI equally, span many years, and use consistent definitions tailored to measure transition-to-work activity. The indicator for leaving the disability rolls because of work used in several of the studies provides a good example. This indicator is defined consistently for all three categories of beneficiaries receiving SSA disability benefits: SSI-only disability recipients, DI-only beneficiaries, and beneficiaries concurrently receiving both SSI and DI. It specifically identifies benefit status with respect to earnings on a month-to-month basis for all months from 1996 forward and mimics the status necessary to trigger service-provider payments under the TTW program, where a beneficiary must have cash benefits discontinued specifically because of work in a given month.<sup>10</sup> This status is indicated for the periods before and after TTW for all beneficiaries, regardless of their TTW participation status. For each month, this constructed variable indicates whether benefits are currently being paid, suspended specifically because of earnings, terminated specifically because of earnings, or not currently paid for reasons other than earnings, such as retirement, death, or medical recovery. Most of the employment statistics are from administrative sources—including Internal Revenue Service earnings data—that are not subject to the limited scope of survey data and are far less subject to the errors and biases of self-reported information. Further, in most cases, the statistics are based on the full population of SSI and DI beneficiaries, rather than statistical samples. Although somewhat pedantic, the articles focus on providing a broad and solid set of baseline statistics that cover a full range of employment-related activities undertaken by beneficiaries, both at specific times and over extended periods. We expect that future research will build on the metrics constructed for these analyses and extend the baseline information presented here.

These articles find that, over time, a great deal of work activity goes on behind the simple annual

statistics on payments withheld or benefits terminated because of work. This is not to say that the TTW program has been more successful than previously reported. Rather, the findings suggest that such simple annual statistics are only part of the story, and that to understand the effectiveness of programs like TTW, it is important to examine a broader range of transition-to-work activities and outcomes.

The following sections briefly introduce the articles in this issue, arranged according to three emergent themes of their findings: employment success for Social Security beneficiaries varies widely across states; many beneficiaries work, but very few sustain long-term employment; and many factors contribute to the inability of beneficiaries to achieve long-term employment. We then conclude with a discussion of some of the important implications of the findings.

### ***Variation in Employment Outcomes Across States and Over Time***

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Economic theory and evidence from previous studies suggest that a wide range of policies and other environmental factors can significantly affect employment and program participation for individuals with disabilities. In "Employment among SSA Disability Program Beneficiaries: 1996–2007," Mamun, Wittenburg, O'Leary, and Gregory present cross-sectional employment statistics by state and over time. The findings show employment rates that ranged from 7 percent in West Virginia to 23 percent in North Dakota. This large state-level variation remains after controlling for observable differences in beneficiary characteristics, including demographics and impairments. This implies that sources of employment variation unaccounted for in the analysis drive these differences. These other sources of employment variation may include local labor market conditions and state-specific programs and policies (such as Medicaid programs, vocational rehabilitation programs, accessible public transportation, and other state or local employment supports) and unobserved individual characteristics that differ by state (such as general health status within the state or cultural differences that affect employment for individuals with disabilities). The authors also find that state employment rates generally persist over time. This latter finding suggests either that few changes occurred in the state-level policy environment over the 12 years studied, or the changes that did occur had little effect on employment for disability beneficiaries, possibly because they were overwhelmed by other factors. Additional research

will be needed to sort out the degree to which policy changes can affect employment rates beyond social and labor market factors.

### ***Longitudinal Statistics on Occurrence and Duration of Disability Beneficiary Employment***

Several of the articles in this issue present longitudinal statistics that describe beneficiary behavior over long periods. They show that the percentage of disability beneficiaries who eventually work enough to have their benefits suspended or terminated is much higher than SSA's published statistics based on a single month or year might suggest. The statistics differ because they measure different things. For example, in "Longitudinal Statistics on Work Activity and Use of Employment Supports for New Social Security Disability Insurance Beneficiaries," Liu and Stapleton measure the percentage of DI participants whose benefits are terminated because of work with a longitudinal statistic (3.7 percent) that accounts for all who entered DI in 1996 and eventually terminated as of 2006, whereas SSA's published statistic (0.53 percent) counts only the proportion of existing beneficiaries whose benefits were terminated during 2006 (Table 2). Researchers have long recognized the difference between the two types of statistics and their interpretations (for example, Muller 1992). The published DI termination statistic is far lower than the longitudinal statistic because the base of the published statistic includes all those who have not left the rolls for work or any other reason in the past (often for many years), while the numerator includes only those whose benefits were terminated for work in the current year. By contrast, the base of the longitudinal statistic includes only those who received their first DI award in a specified year and the numerator includes those in that group whose benefits were terminated in any year since award. Although Liu and Stapleton consider only DI awardees here, similar analysis for SSI is under way.

Longitudinal statistics on the duration of individual beneficiaries' employment and of any resulting benefit suspension or termination are critical to evaluating TTW's effectiveness, but have until now been in short supply. The statistics presented in several of this issue's articles show that large shares of those who find work fail to achieve and sustain earnings sufficient to suspend or terminate their benefits. Among the minority whose benefits are suspended or terminated for work, many remain in that status for at

least several years, but many others quickly return to payment status.

In "Social Security Disability Beneficiaries with Work-Related Goals and Expectations," Livermore describes the prevalence and the characteristics of beneficiaries likely to pursue work, and presents their employment and benefit receipt outcomes over a 4-year period (2004–2007). She finds that about 40 percent of beneficiaries had work-related goals and expectations. Of these, half were actively pursuing their goals when interviewed, and over the next 4 years, 45 percent worked and 10 percent had their benefits suspended or terminated because of work in at least 1 month. Those with employment goals differed from others in that they were more likely to be DI-only beneficiaries, younger, healthier, and more educated; they also had been on the disability rolls a shorter period and had lower Social Security and non-Social Security benefit amounts. With other characteristics held constant, DI-only beneficiaries were more likely to have work-related goals and expectations than were SSI-only or concurrent beneficiaries. Other findings of this study are consistent with the hypothesis that some DI beneficiaries restrain their earnings to avoid "falling off the benefit cliff"—losing all of their benefits because their earnings exceed the maximum allowed by the program. DI-only status and having high benefit amounts were significant negative predictors of leaving the disability benefit rolls because of work, after controlling for other characteristics.

In "Disability Benefits Suspended and Terminated because of Work," Schimmel and Stapleton examine the extent to which DI and SSI benefits are suspended or terminated because of work over a 5-year period (2002–2006). They find that, in each year, less than 1 percent of beneficiaries had their benefits suspended or terminated because of work for the first time. The percentage was much larger, however, once those whose benefits were also suspended or terminated for work in earlier years were counted. The authors also found that TTW participants are more likely than other disability beneficiaries to have their benefits suspended or terminated for work, and for longer periods. However, because a small proportion of disability beneficiaries participate in TTW, a large majority of beneficiaries whose benefits are suspended or terminated for work are not TTW participants. Another important finding is that TTW participants generated outcome payments for their service providers in less than half of the months in which they were off the disability rolls for work. In the vast majority of these

cases, the proximate cause was that the provider did not file a claim for payment.

In “Longitudinal Statistics on Work Activity and Use of Employment Supports for New Social Security Disability Insurance Beneficiaries,” Liu and Stapleton examine the employment and benefit outcomes of the 1996 cohort of new DI beneficiaries from 1996 through 2006. They find that 28 percent returned to work over the 10-year period following the award year, and nearly 7 percent had their benefits either suspended or terminated for at least 1 month because of work, including 3.7 percent whose benefits were eventually terminated for work. Many whose benefits were terminated for work eventually returned to the disability rolls—about one-quarter had done so within the period. Several other interesting findings emerge for the 1996 award cohort. Most of those whose benefits were suspended or terminated for work did not obtain services from a state vocational rehabilitation (VR) agency or a TTW employment network (EN). For a large majority of these individuals, the first benefit suspension occurred within 5 years of DI award; terminations for work occurred later because of DI work incentives. The one-quarter of beneficiaries who were younger than age 40 at the time of award returned to work and had their benefits suspended or terminated for work much more frequently than those who were older.

### ***Factors Affecting the Ability to Sustain High Earnings***

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The longer-term perspective on employment provided by several of the articles indicates that many beneficiaries with work-related goals and expectations are successful in attaining employment, but many fail to sustain that success for very long. Understanding the factors that hamper long-term employment success and cause former beneficiaries to return to the disability rolls is critical to developing effective disability beneficiary employment policies and supports.

In “Longitudinal Outcomes of an Early Cohort of Ticket to Work Participants,” Livermore and Roche follow a group of early TTW participants for several years to assess changes in their service use, health status, employment, and income. Although TTW participants are not representative of all beneficiaries who attempt to work and exit the disability rolls, the findings suggest some factors that might thwart the long-term success of beneficiary employment attempts. In particular, poor health appears to negatively affect both service use and employment. This is somewhat

surprising because TTW participants are a very select group of beneficiaries. Despite relatively better health and very high employment rates, their health status is characterized by high year-to-year instability. About 60 percent of TTW participants who worked during a 3-year period left at least one job, and poor health was the reason cited most frequently. Other reasons, such as finding a job that was temporary, being fired or laid off, and dissatisfaction with specific job features were also frequently cited. The authors also found substantial year-to-year income instability among TTW participants, perhaps caused by unstable employment and the adjustment of Social Security and non-Social Security benefits in response to earnings changes. Individuals with earnings, even unstable earnings, were significantly less likely to be in poverty than those without.

### ***Implications***

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The findings of the articles presented in this issue offer a variety of perspectives on the employment activities of SSI and DI beneficiaries, indicating that rather large proportions are interested in pursuing employment and that their work goals and expectations are not unrealistic. However, the findings also point to the challenges that beneficiaries face when they find work, which often result in either a failure to leave the disability rolls because of work or only a brief exit. The findings regarding TTW participants suggest that many beneficiaries attempting to work have unstable health, job opportunity, and income situations. Perhaps those who exit the rolls for work without assistance from a VR agency or EN are in more stable circumstances than those who obtain such assistance. Those who seek services to support their work efforts are often in unstable circumstances, some of which may be caused by employment. For example, changes in earnings can affect eligibility for benefits, potentially leading to income instability and changes in living arrangements; also, the physical and mental rigors of employment might exacerbate existing health conditions. Clearly, such factors can negatively affect the continued motivation or ability to work.

SSA has introduced TTW provider payment systems under which providers receive full payment only if the beneficiary exits the disability rolls for work and remains off the rolls for an extended period. The fact that ENs did not file claims for outcome payments in many of the months during which their clients were off the rolls for work suggests that providers did not

maintain long-term connections with many of their clients, despite the incentive to do so.

TTW regulatory changes implemented in July 2008 addressed incentives for providers to maintain a long-term relationship with their beneficiary clients in two significant ways. First, they substantially increased the monthly payment amount for providers serving DI beneficiaries, but shortened their duration from 60 months to 36. Second, the new Partnership Plus feature created incentives for state VR agencies to provide initial return-to-work services under the pre-TTW payment system and then partner with an EN to provide longer-term supports. These regulatory changes may lead to longer-term support for beneficiaries as they work and leave the disability rolls—support that might help address the many challenges that eventually cause employment spells to end.

The findings point to two other major challenges of developing new policies and programs to increase the number of successful work attempts and the share of working beneficiaries who leave and remain off the disability rolls. The first is that such policies and programs may lead to substantially greater expenditures. Future expansion of the number of TTW users is likely to mean providing VR or EN services for some beneficiaries who would have left the disability rolls even without receiving such services. Offsetting reductions in benefit costs for such users will materialize only if they spend more time off the rolls than they otherwise would have. Similarly, if DI beneficiaries are offered a \$1-for-\$2 benefit offset for earnings above the SGA amount—a feature of the Benefit Offset National Demonstration (BOND)—many of those beneficiaries who would have their benefits suspended or terminated for work under current law will continue to receive partial benefits.

Second, no matter what policies or programs SSA implements, success will depend on numerous environmental factors beyond the agency's control: employer interest in hiring beneficiaries, beneficiary access to health care, local transportation, personal and family circumstances, and work incentives associated with non-Social Security programs. SSA has strong interest in environmental changes that would improve employment outcomes, but cannot affect such changes on its own. This interest has been reinforced by rapid growth in the number of beneficiaries since the 2008 recession, and the projected exhaustion of the DI trust fund in 2018 (Board of Trustees 2010).

The different employment environments and levels of success for Social Security beneficiaries seen across

states suggest that employment policies matter. It therefore seems prudent for SSA to continue implementing and evaluating initiatives to help disability beneficiaries attain long-term employment. However, if environmental factors such as the local labor market and social or cultural norms play a dominant role in state employment variation, then future policy changes that attempt to influence employment outcomes will also need to address these environmental factors to achieve the desired results. To examine different types of barriers to beneficiary employment, SSA is conducting a number of demonstrations, including BOND, the Youth Transition Demonstration, the Accelerated Benefits Demonstration, and the Mental Health Treatment Study. As SSA implements and evaluates these programs, care should be taken to consider more than just the demographic and disability characteristics of participants. SSA should also consider local policy, social, and labor market factors. As findings from these demonstrations and the TTW evaluation continue to emerge, policymakers will have better information with which to craft policy changes to help individuals with disabilities increase their own well-being through work, sustain long-term employment, and become more self-sufficient.

## Notes

<sup>1</sup> For a discussion of how TTW affects the incentives for service providers and beneficiaries, see Stapleton and Livermore (2003) and Huynh and O'Leary (2003).

<sup>2</sup> Under TTW, SSA also makes payments to service providers as the beneficiary reaches employment milestones on the way to benefit suspension. To reduce barriers to employment, the Ticket Act also eliminated SSA disability reassessments triggered by work activity, and extended Medicare coverage and access to Medicaid for beneficiaries who work.

<sup>3</sup> For a description of these changes, see Stapleton and others (2008, Chapter 9).

<sup>4</sup> The TTW evaluation reports are available at <http://www.socialsecurity.gov/disabilityresearch/research.htm#Ticket>.

<sup>5</sup> For a detailed discussion of the available information on the work activities of Social Security disability beneficiaries prior to TTW, see Newcomb, Payne, and Waid (2003).

<sup>6</sup> The monthly SGA thresholds for 2011 are \$1,000 for nonblind disability beneficiaries and \$1,640 for those who are blind.

<sup>7</sup> The monthly trial work threshold for 2011 is \$720 for both blind and nonblind disability beneficiaries.

<sup>8</sup> The extended period of eligibility continues after the 36th month if the beneficiary does not engage in SGA or

if benefits are not terminated for another reason. For a full discussion of these and other work incentives, see SSA (2011).

<sup>9</sup> This statistic first appeared in 1957 when 52 of 16,131 DI beneficiaries (0.32 percent) had their cash benefits terminated because of “recovery of disabled person.” In subsequent years, a footnote was added to clarify that recovery meant a “disabled person [had] ceased to meet medical standards for disability or continued to meet medical standards but engaged in substantial gainful activity” (HEW 1957, Table 63).

<sup>10</sup> Although the indicator for leaving the disability rolls because of earnings does not specifically incorporate external earnings data from a state’s unemployment insurance system or the Internal Revenue Service, the measure has been validated against these sources and found to be very accurate at identifying beneficiaries in suspended or terminated status who are earning at levels above SGA.

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