



# Issue Brief: Work Incentives: Do They Support the Transition to Employment for Youth with Significant Disabilities Receiving SSI and SSDI Benefits?

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For youth with significant disabilities, the preparation for transition from school to adult life requires an examination of the qualifications for financial and health care supports from two different government programs funded through the Social Security Administration: Social Security Income (SSI) and Social Security Disability Insurance (SSDI). These two government programs were developed for very different purposes and therefore have very different eligibility criteria, resource limits, and health coverage. Each program also has very different impacts on the transition planning process. This policy brief will provide information about these two programs and information to guide youth with disabilities, their parents, and transition team members as they plan for the future.

## Differences between SSI and SSDI

SSDI is funded through the Social Security Administration (SSA) Trust fund and was designed to be insurance for those who have previously worked but have acquired a disability that makes employment difficult or impossible. SSDI may also extend to the dependents of a person who has worked and who acquires a disability or dies. It is an entitlement program and does not place limits on unearned income or resources—just earned income; it is funded through the SSA Trust Fund. Those who receive SSDI benefits are eligible for health care benefits through Medicare. SSI, on the other hand, was developed as a needs-based program and is funded by federal tax dollars. As a needs-based program, it imposes strict limits on earned income, unearned income as well as financial resources. SSI beneficiaries receive health care through the Medicaid program.

In terms of eligibility, both programs start with the requirement that the beneficiary is determined to be “medically disabled” as defined by the SSA. This applies to individuals “who cannot work because they have a medical condition that is expected to last at least one year or result in death.”<sup>1</sup> A counselor at the SSA office evaluates the applicant’s medical records for the medical diagnosis and the physician’s analysis of the individual’s “ability to do work-related activities, such as walking, sitting, lifting, carrying and remembering instructions.”<sup>2</sup> In evaluating this information, the counselor will determine if the

person is currently working, and if so, if his or her earnings are under the Substantial Gainful Activity (SGA) limit of \$1070 per month in 2014.<sup>3</sup> SSA will also determine whether the applicant has earned sufficient “credits” by either paying into the system during prior work, or having a deceased or retired or parent, or a parent with a disability who paid-in on the beneficiary’s behalf.

For SSDI, eligibility also starts with the individual’s medical condition and work status, but also includes an examination of assets, which must be under a set limit determined for that individual each year. For a student under the age of 18, the parents’ assets are included in that determination. Once the student reaches 18, he or she must undergo a re-determination process and at that time, only the individual’s assets are considered. Table 1 provides a side-by-side comparison of both programs.

**Table 1: SSDI vs. SSI**

<b>Component</b>	<b>Social Security Disability Insurance (SSDI)</b>	<b>Social Security Income (SSI)</b>
<b>Intent or Purpose</b>	Entitlement program based upon insured status, funded by SSA trust fund	Needs-based program funded by federal tax dollars
<b>Earnings Limit (Eligibility)</b>	Limits on earned income only	Limits on earned and unearned income
<b>Health Care Coverage</b>	Medicare	Medicaid
<b>Unearned Income Limits, including resources</b>	No limits on unearned income or resources	Unearned income must be less than the current Federal Benefit Rate. For 2014, the annual FBR is \$8657.26 for an eligible individual or \$12,984.44 for a couple. Must have less than \$2000 in saved resources, or \$3,000 for a couple.
<b>Work Incentives</b>	No gradual reduction of payments with SSDI; once you exceed the income limit, cash payments stop. Work incentives consist of a series of phases: <ul style="list-style-type: none"> <li>• Trial work period (provides opportunity to try to work while maintaining eligibility and continuing to receive SSDI cash benefit. Counts months in which earnings exceed \$720, up to 9 months accumulated over a 60 month time period).</li> <li>• Extended period of eligibility</li> <li>• Extended period of Medicare coverage</li> </ul>	SSI program provides for a gradual reduction in monthly cash benefits as earnings increase, but it is not a dollar for dollar reduction (See Table 2 for more details).

## SSI and Transition Planning

There are many ways that SSI eligibility impacts the transition planning process. Many parents of youth with disabilities hope for SSI eligibility so that their son or daughter qualifies for the Medicaid Waiver program, a social service program that provides community-based supports and services for individuals with disabilities. Each state designs its own program options and eligibility criteria in addition to the initial eligibility determination for SSI and Medicaid. Most states have more people who want these types of services than they have money to provide them. Waiting lists are then generated with the names of individuals with disabilities who qualify for SSI and Medicaid and are not able to access community-based services. In 2011, more than 1.1 million youth aged 13 to 25 were receiving SSI benefits that totaled \$8 billion.<sup>3</sup> More youth are at risk of becoming eligible for benefits if they do not successfully make the transition to work.<sup>4</sup> Families are pushing for increases in the budget to cover the demonstrated need for more community-based supports and services, but the cost of providing services is already high.

There can be a large variation in the types of services that are provided by each state under its Medicaid Waiver services. In some states, these services include more traditional community-based services such as group homes, sheltered workshops, and services provided to children and adults with disabilities in agency-run facilities. Other states include more individualized and person or family-driven support options. One such state, Massachusetts, provides an option for individuals to manage their own money and use it to hire and pay their own staff to provide supports to live and work where the individual chooses to live. One beneficiary used this option to identify supports to live in her own house, take classes at a local community college, intern in the office at a health center, volunteer at a nature center, and work out with a personal trainer at the YMCA. She receives job coaching support for the majority of the time she is at the work and volunteer sites. She was able to live a life of her choosing because she had the option to develop her own schedule, hire people who could provide the right supports, and pay them a fair wage.

This option, called the “independent support option,” identifies the individual and his/her family as the employer of record, partnering with the state agency to manage the money. Not every individual wants to be solely responsible for this process, however, so there are other options available in many states, including partnering with an agency that hires and pays staff, while the beneficiary has a say in who is hired and what staff will do. There is also a more traditional option to pick a pre-existing “slot” with an agency contracted to provide community-based services. The individual receives the same supports and services as anyone else being

served by that agency, but the agency staff agency chooses direct support workers, schedules their time, and pays them.

These options are examples of the flexibility that is built into one state's Medicaid Waiver (sometimes known as Title XIX to reflect the section of the law where this is authorized) services. Other attempts to make changes to SSI have occurred through demonstration projects funded through the federal government. The federal government recognizes that the cost of providing community services continues to increase, even as current funding remains inadequate to meet the demand. Two such demonstration projects are the [Youth Transition Demonstration \(YTD\)](#) project (funded by the Social Security Administration) and the [Promoting the Readiness of Minors In Supplemental Security Income \(PROMISE\)](#) demonstration project, funded jointly by the U.S. Department of Education, the Department of Labor and the Social Security Administration. Both of these projects were designed to identify ways to reduce the dependence of individuals with disabilities on cash benefits without losing critical health care benefits or the minimal income provided by SSI. There are six projects funded by PROMISE: Arkansas, California, Maryland, New York, Wisconsin, and a project that covers a group of states (Utah, South Dakota, North Dakota, Montana, Colorado and Arizona), and another six funded through the YTD project (Bronx, NY; Colorado; Erie County, NY; Miami-Dade County, FL; Montgomery County, MD; and West Virginia). The PROMISE projects were funded in 2013, so evidence of their impact/effectiveness has not yet been documented. However, the YTD projects have shown some significant successes in improving employment outcomes for youth with disabilities.<sup>5</sup>

## Other work incentives

While the YTD projects are only available to youth in the area served by the project, a number of other work incentives are built into the SSI and/or SSDI system and are available to all recipients. For example, one of the PROMISE and YTD projects includes providing access to benefit counseling to participating youth and their family. This benefit counseling provides information about work incentives (both traditional and unique examples that are part of the demonstration projects themselves) and available to all individuals receiving SSI and SSDI. Despite its availability, it is an option that very few recipients access because benefits counselors are rarely present at transition team meetings<sup>6</sup> Table 2 describes the work incentives that should be considered when transition planning to support a youth's employment goals.

**Table 2: Work Incentives to Consider in Transition Planning**

Work Incentive	Definition	Applies to
<b>1619 (a) and (b)</b>	Continues Medicaid eligibility for anyone whose earned income reduces their monthly SSI cash benefit.	1619(a) protects Medicaid coverage for anyone who receives at least one penny of their cash benefit and 1619(b) protects Medicaid coverage for anyone whose cash benefit falls to zero but whose earnings are still below a set level (\$40,000 per year in most states).
<b>Earned Income Exclusion</b>	When SSI beneficiaries work, the agency disregards (or excludes) a set amount when calculating the amount of the monthly cash benefit. In 2014, this is the first \$65 earned and ½ of the remaining earned income. There is also a \$20 general income exclusion that is first applied to unearned income (if any).	Applies to all SSI recipients who report monthly earned income.
<b>Student Earned Income Exclusion</b>	For individuals younger than 22 years old who are attending school, SSA will exclude up to \$1780 of earned income per month up to a maximum annual exclusion of \$7,060.	Individual is younger than 22 years old, is attending college for at least 8 hours per week, or is a junior or senior in high school attending at least 12 hours per week, or is attending a vocational training program for at least 12 hours a week, or is in an internship program for at least 15 hours per week.
<b>Impairment-Related Work Expense</b>	Credit given to an SSI recipient for approved expenses that are necessary to work and are incurred because of the individual’s disability.	Individuals must first pay for the service or item, and file a claim to have the cost reimbursed by SSA. Costs must be necessary to keep employment, reasonable, and related to the disability.
<b>Plan to Achieve Self-Support (PASS)</b>	Allows an SSI recipient to save money to pay for expenses that re necessary to reach a stated career goal by excluding earned income, unearned income, and resources now or in the	An SSI recipient and his/her family work with a benefits counselor to develop a PASS plan that meets the SSA’s criteria. The plan can help a family save for college, to purchase

	future for approved expenses related to a career goal.	a car or equipment necessary to get to work, to start a business, or receive specialized training.
<b>Ticket to Work</b>	Free services provided through a local Employment Network (EN) or the Vocational Rehabilitation Agency (VR). These services can include employment counseling, VR services, and on the job supports.	SSI or SSDI beneficiaries with disabilities who want to work. The beneficiary chooses an EN or VR agency, and a written plan is developed and signed. The beneficiary must make sufficient progress on the goals in the plan to continue to receive benefits.

### Recommendations for Transition Planning

Youth with disabilities and their families need the supports and services that will help them achieve their goals for the transition from school to adult life. These supports should empower them to be the decision-maker for this important milestone; supports and services that are designed to transition them to their adult lives must be innovative and respond to their choices and decisions for a preferred lifestyle. Federal demonstration programs like YTD and PROMISE are a good start, but in order to make a real impact on improving post-school outcomes and helping individuals become economically self-sufficient, these initiatives need to be available to larger numbers of youth. At a minimum, this would include the assurance that existing policies are funded at levels that allow schools and community agencies to fully address existing needs.

In addition, it is critical that there are sufficient resources to help youth and families identify and understand the options they have, to choose supports that are needed, and to navigate the eligibility process are essential. The collaborative transition planning that should regularly take place in order to help families navigate the system and reduce dependence on SSI benefits rarely occurs in school-based meetings. Teachers often do not understand the system, and families are hesitant to have their son or daughter participate in transition experiences (like paid work) for fear they could jeopardize their son or daughter’s benefits eligibility. There are innovative programs that minimize the barriers to work and provide work incentives, but it takes a great deal of benefits counseling to understand fully the various programs, their requirements, and their promise for helping youth to meet their transition goals. The SSA provides grants to states to set up Work Incentives Planning and Assistance Programs (WIPA) that help beneficiaries understand the work incentives program and the information they have must be part of the transition planning process.

## Conclusion

Both SSI and SSDI provide a much-needed safety net for youth with disabilities who are about to transition to adult life. This safety net has a number of provisions to support youth in achieving their goals for adult life, including the possibility that they will no longer need to rely on that safety net. However, the rules for accessing supports can be complicated-- and often result in reluctance on the part of youth, their parents and transition stakeholders, to utilize them. We recommend that additional efforts be made to provide additional training and advocacy so that these the opportunities inherent in these programs can be afforded to all transition-aged youth with disabilities.

## References

- <sup>1</sup> Social Security Administration (2014). *Disability Benefits* [Publication No. 05-10029]. Washington, DC: Author. Available online at <http://www.ssa.gov/pubs/EN-05-10029.pdf>.
- <sup>2</sup> Social Security Administration (2014). *Update 2014* [Publication No. 05-100003]. Washington, DC: Author. Available online at <http://www.ssa.gov/pubs/EN-05-10003.pdf>.
- <sup>3</sup> Social Security Administration (2012). "SSI Annual Statistical Report, 2011." Table 35. Publication No. 13-11827. Washington, DC: Author. Available at [http://www.ssa.gov/policy/docs/statcomps/ssi\\_asr/2011/index.html](http://www.ssa.gov/policy/docs/statcomps/ssi_asr/2011/index.html).
- <sup>4</sup> Fraker, T. (2013, February). The youth transition demonstration: Lifting employment barriers for youth with disabilities. Washington, DC: Mathematica Policy Research.
- <sup>5</sup> Kregel, J. (2012). Work incentives planning and assistance program: Current program results document the program's ability to improve employment outcomes, reduce dependence on benefits, and generate cost savings for SSA. *Journal of Vocational Rehabilitation*, 36(1).