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## The Work Experiences of New SSI Beneficiaries: A Longitudinal Perspective<sup>1</sup>

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*The most commonly reported statistics on the work activities of Supplemental Security Income (SSI) beneficiaries are cross-sectional—that is, they reflect the activities of all beneficiaries in a particular month or year. Longitudinal statistics, in contrast, follow a group of beneficiaries over a longer period and show higher levels of employment and suspensions of benefits due to work compared to the cross-sectional data. For example, cross-sectional statistics show that, in December 2007, just over 2 percent of working-age SSI beneficiaries with disabilities had their benefits suspended because of work under the 1619(b) work-incentive program (SSA 2008a). But longitudinal statistics show that a larger share of those first awarded SSI benefits as adults in 2001—more than 8 percent—had been in 1619(b) status for at least a month by December 2007.<sup>2</sup> The longitudinal statistics for people under age 40 at award are especially remarkable; by December 2007, 19 percent of those ages 18 or 19 at award and 15 percent of those ages 20 to 39 at award had stopped receiving SSI benefits because of work for at least one month. The cross-sectional and longitudinal statistics are fully consistent with each other and differ only because they reflect the same phenomenon from different perspectives. The longitudinal statistics paint a more complete picture, however—one that is important for understanding the dynamic return-to-work process.*

### The Bigger Picture

Overseen by the Social Security Administration (SSA), SSI is a federal assistance program that provides cash benefits to low-income seniors and people with disabilities. In December 2007, SSI was paying benefits to about 4.3 million working-age people (age 18 to 64) with disabilities (SSA 2008a). According to annual statistics published by SSA, relatively few of these 4.3 million beneficiaries were employed: 7.9 percent reported earnings from work in December 2007, and only 2.2 percent had their benefits

suspended because of work under the 1619(b) program that month.

Statistics like these are becoming increasingly important given SSA's efforts over the last decade to encourage beneficiaries to return to work. Longitudinal statistics, which provide a more complete picture of these efforts than do cross-sectional statistics, are critical to understanding the extent to which beneficiaries are working over the long run and whether current policy is helping or hindering their attempts to work. A few early studies indicate that the longitudinal data show higher

employment levels than do the cross-sectional statistics (see Scott 1989, 1992). Until now, however, there have been no recent studies on long-term outcomes for SSI beneficiaries.

### SSI Beneficiaries: Finding Work, Leaving the Rolls

In this issue brief, we summarize the findings from a recent longitudinal study on the work experiences of new SSI beneficiaries with disabilities (Ben-Shalom et al. 2012). In the study, we used a longitudinal administrative data file, constructed for the TTW evalua-

<sup>1</sup> This brief is based on a report prepared for SSA as part of the evaluation of the Ticket to Work (TTW) program, under contract no. 0600-03-60130. All opinions expressed are those of the authors and do not necessarily reflect the views of SSA or Mathematica Policy Research.

<sup>2</sup> See the box on terminology for details on the 1619(b) provision and other outcomes discussed in this brief.

tion,<sup>3</sup> to track important benchmarks of beneficiaries' progress from SSI benefit award to the suspension of their benefits because of work. These benchmarks include the use of certain SSI work incentives (such as first use of 1619[b] and enrollment in SSA-funded employment services), employment, and months with no cash benefits following suspension or termination because of work (see the box on page 3 for details on these benchmarks). Most of the longitudinal statistics in this brief are for members of the 2001 "award cohort"—beneficiaries first awarded SSI benefits in 2001—whom we followed for six years. Selected statistics for earlier cohorts are compared to data on later cohorts to highlight some changes over time.

It is important to note that many SSI beneficiaries also receive Social Security Disability Insurance (DI) benefits, although not necessarily at the same time. "Serial beneficiaries," for example, receive SSI payments only during the five-month waiting period for DI.<sup>4</sup> Our award cohorts exclude these beneficiaries but include other types of SSI awardees who receive DI benefits at some point.<sup>5</sup> The fact that many SSI awardees also receive DI benefits at some time affects the meaning of the return-to-work statistics we track, both because these awardees have characteristics that distinguish them from other SSI awardees (longer work histories, for example) and because focusing on SSI-related outcomes alone would provide an incomplete picture of the return-to-work outcomes. For this reason, we also recorded receipt of DI benefits by

<sup>3</sup> This longitudinal file is called the Ticket Research File (TRF). The 2008 version of this file (TRF08) was used for this study.  
<sup>4</sup> See Rupp et al. (2008) for a detailed explanation of serial beneficiaries.  
<sup>5</sup> Our SSI cohorts include DI beneficiaries (1) who were awarded SSI and DI at the same time and whose DI benefits are so low that their SSI benefits were not terminated after the DI waiting period; (2) who entered DI first but became eligible for SSI after spending down resources or losing other sources of income; (3) who entered SSI first but entered DI after accumulating the work experience necessary to meet the earnings-history criteria for DI; and (4) who were awarded SSI and, at some point, awarded either Disabled Adult Children benefits or Disabled Widow(er)'s Benefits.

cohort members who achieved certain SSI-related milestones.

**Beneficiaries who forgo their SSI benefits because of work pass several benchmarks along the way (Figure 1).** Of the 358,187 beneficiaries first awarded SSI benefits in 2001, 19.4 percent had achieved positive countable earnings in at least one month by December 2007, and 8.4 percent had their benefits suspended under Section 1619(b) in at least one month. We also found that 9.8 percent had their benefits suspended or terminated because of work in at least one month; this is more than the percentage achieving 1619(b) and indicates that some people who work leave SSI altogether rather than stay in 1619(b).<sup>6</sup>

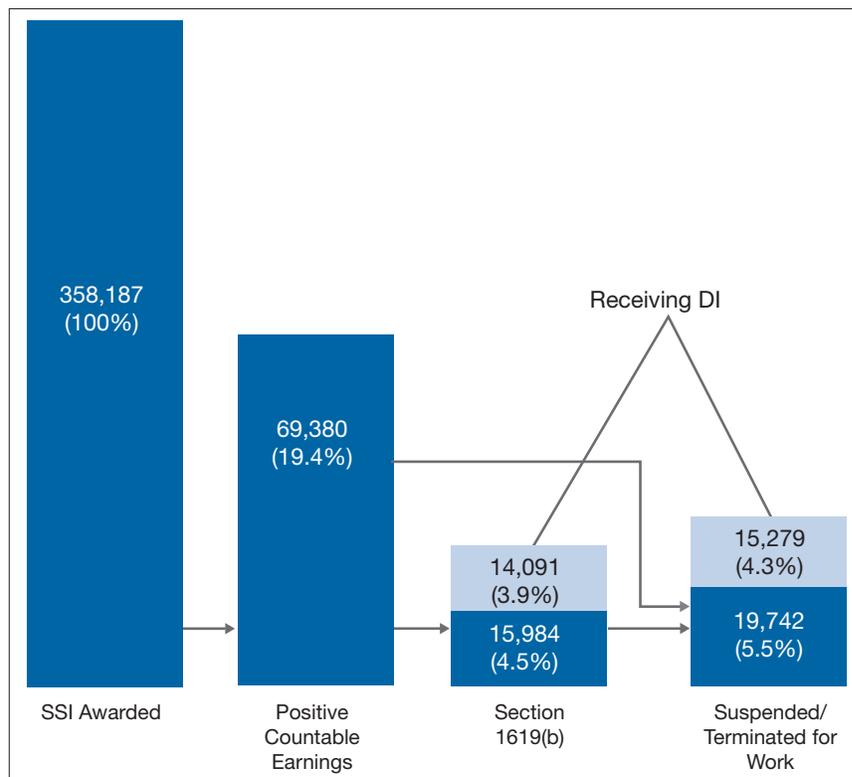
**Many of those who surrender their SSI benefits after finding work receive DI benefits during that time.**

<sup>6</sup> There are several possible explanations for this—the beneficiary might earn more than the 1619(b) threshold, may prefer to leave SSI rather than comply with asset restrictions or reporting requirements, may be unaware of 1619(b), or may not understand the work incentive or its value.

We found that almost half (46.9 percent) of those who achieved 1619(b) had received DI benefits during those months. Thus, only 4.5 percent of the cohort had been in 1619(b) without receiving DI benefits in at least one month. When months following SSI termination for work are included along with 1619(b) months, 43.6 percent received DI benefits in all such months, leaving 5.5 percent of the cohort who had forgone SSI benefits without receiving DI benefits at the same time.

**Only a few who forgo SSI benefits because of work enroll in publicly funded employment services.** Beneficiaries can take advantage of employment services that SSA might pay for (see the box on page 3) at any point along the path shown in Figure 1. Just over 10 percent of the 1998 award cohort (the first cohort with complete enrollment data) had enrolled in services as of 2007. Of those, 59.4 percent had positive countable earnings by the end of the period, and 31.7 percent had their benefits suspended under 1619(b) in at least one month. A large majority of those

**Figure 1.**  
**The Path from SSI Award to Benefit Suspension or Termination Because of Work, 2001–2007**



Source: Ben-Shalom et al. (2012), based on SSA administrative data.

## Terminology

**Positive countable earnings** are earnings from work that exceed a certain disregarded or exempted amount, resulting in a reduction in SSI payments.

**Section 1619(b)** is a provision allowing SSI beneficiaries with Medicaid coverage to keep their coverage even if their earnings are so high that their SSI cash payment is zero, provided that their earnings are below a threshold that varies by state.

**Suspension or termination because of work** occurs when beneficiaries earn enough income that they stop receiving SSI cash payments, regardless of whether they remained eligible for Medicaid under Section 1619(b).

**Months in nonpayment status following initial suspension or termination because of work (NSTW)** are the months in which a beneficiary receives no payments from SSI following his or her first suspension or termination because of work and before he or she dies, reaches age 65, or reaches the end of the observation period. NSTW years are the total NSTW months divided by 12.

**Service enrollment** is enrollment in employment services that will potentially be paid for by SSA. This includes enrolling with a state vocational rehabilitation agency (SVRA) or assigning a ticket to an employment network, including an SVRA, under the TTW program.

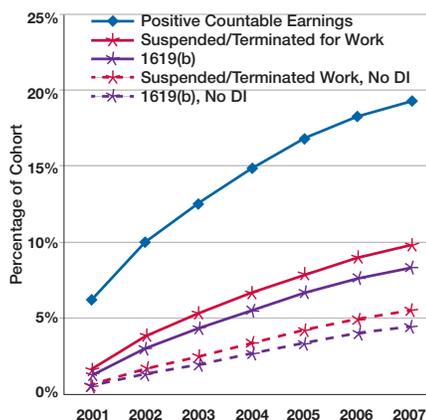
who achieved 1619(b) (78.3 percent) had not previously enrolled in services.

**The cumulative percentage of SSI awardees who work gradually increases after award, but at a diminishing rate (Figure 2).** For instance, while 12.6 percent of the 2001 cohort had positive countable earnings by the end of 2003, 19.4 percent had reached that benchmark by the end of 2007. The percentage of people forgoing benefits for work in at least one month follows a similar pattern, at a much lower level.

The share of SSI awardees who eventually give up their benefits because of work provides only a partial picture of the extent to which these awardees forgo benefits. It does not, for example, show how long awardees forgo benefits. To help answer

**Figure 2.**

**Cumulative Longitudinal Work-Incentive Statistics for the 2001 SSI Award Cohort, 2001–2007**



Source: Ben-Shalom et al. (2012), based on SSA administrative data.

this question, we examined the number of months that the 2001 SSI cohort spent in nonpayment status following suspension or termination because of work (“NSTW months”) and converted these months into years (“NSTW years”) per thousand beneficiaries. On average, members of the 2001 cohort spent less than two months in NSTW over a period of about six and a half years. This represents 2.5 percent of the entire period. We also found that the SSI awardees were receiving DI benefits in over half (54.4 percent) of these months.

**The return-to-work statistics for those under age 40 at award—more than 40 percent of the 2001 cohort—are especially remarkable (Figure 3).**

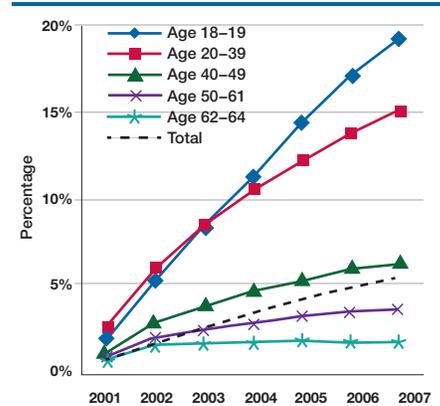
Young SSI awardees were much more likely to have their SSI benefits suspended or terminated because of work for at least a month compared to older awardees: 19.2 percent of those ages 18 or 19 at award (16.5 percent of the cohort) and 14.9 percent of those ages 20 to 39 at award (26.9 percent of the cohort), compared to only 6.3 percent, 3.7 percent, and 1.8 percent of those ages 40 to 49, 50 to 61, and 62 to 64 at award, respectively. Although people under age 40 at award represented only 43.4 percent of the cohort, they accounted for about 73 percent of the SSI NSTW months through 2007, whether or not months with DI benefits are excluded.

**Employment and use of work incentives declined considerably for those who entered SSI in 2000 and later.**

For instance, after adjusting for sex and age differences between the cohorts,

**Figure 3.**

**Cumulative Percentage of 2001 SSI Award Cohort with SSI Benefits Suspended or Terminated Because of Work, by Age at Award, 2001–2007**



Source: Ben-Shalom et al. (2012), based on SSA administrative data.

9.4 percent of beneficiaries in the 1996 cohort had their benefits suspended under 1619(b) by the sixth year after award, compared to 8.4 percent of beneficiaries in the 2001 cohort after the same number of years—an 11 percent reduction. This decline is most likely due to the 2001 economic downturn. Later cohorts fared somewhat better, as the economy recovered, but not as well as those first awarded benefits during the economic boom of the late 1990s. Comparing award cohorts also shows that first-time enrollment for employment services rose slightly following TTW rollout, which started in 2002 but was not completed in all states until 2004.<sup>7</sup> We found other trends in the use of

<sup>7</sup> The slight increase in beneficiary use of employment services following TTW rollout has previously been documented by Thornton et al. (2007) and Stapleton et al. (2008).

work incentives by cohorts after 2000, but we cannot necessarily attribute them to specific policy, economic, or demographic factors.

## Discussion

In qualitative terms, the longitudinal statistics presented here are similar to the longitudinal data produced by Liu and Stapleton (2011) for DI award cohorts. Quantitative comparisons are more difficult to make, however, because of differences between SSI's and DI's work incentives and types of beneficiaries. For example, although more SSI than DI beneficiaries had their benefits suspended or terminated because of work in at least one month, this might simply reflect the fact that new SSI awardees tend to be younger than DI awardees, and the earnings levels that trigger suspension of benefits are different for SSI and DI.

Both sets of statistics show that the percentage of awardees who eventually forgo benefits because of work (a longitudinal statistic) is far larger than the percentage who forgo benefits because of work in a given month (a cross-sectional statistic). For instance, we found that 8.4 percent of the 2001 SSI cohort had achieved at least one 1619(b) month by the end of 2007 (4.5 percent if months in DI are excluded). This is almost four times the percentage of working-age SSI beneficiaries in 1619(b) status in December 2010 (2.2 percent). Likewise, 3.9 percent of the 2001 DI cohort had their benefits suspended because of work for at least one month by the end of 2007, more than eight times the percentage of DI beneficiaries whose benefits were in suspense for work in December 2007 (less than 0.5 percent) (SSA 2008b). Both sets of statistics show that relatively young awardees account for a large portion of those who forgo benefits because of work.

For both DI and SSI, the longitudinal statistics show that many beneficiaries work without having their benefits suspended, even temporarily. For instance, although 19.4 percent of the 2001 SSI cohort had positive countable earnings in at least one

month by 2007, only 9.8 percent had their benefits suspended or terminated because of work for at least a month. Functional limitations and declining health might have prevented beneficiaries from earning enough to stop receiving benefits, but perhaps many of these beneficiaries would have done so if more assistance or better work incentives had been available.

Our findings also show that an observation made by Liu and Stapleton (2011) about SSA return-to-work initiatives for DI beneficiaries also applies to SSI beneficiaries: savings might be difficult to achieve under broad-based initiatives—even if the initiatives increase SSI suspensions and terminations—because these initiatives might end up providing support to those who would forgo benefits anyway. Both the DI and SSI statistics show that roughly 80 percent of beneficiaries who find work and forgo their cash benefits never enrolled in SSA-funded employment services. TTW might therefore have expanded use of these services by those who would have forgone benefits for work without the additional help. Outcomes for such beneficiaries may have offset some of the costs, but only if they were better than the outcomes the same beneficiaries would have achieved without TTW. Our analysis does not provide an answer to that question.

Finally, the statistics for SSI beneficiaries highlight the importance of considering interactions between SSI and DI. Many SSI awardees are already DI beneficiaries or become DI beneficiaries sometime after entering SSI. This has important implications for our statistics because these beneficiaries have characteristics, such as longer work histories, that distinguish them from other SSI awardees. Most notably, many people who forgo SSI benefits because of work still receive DI benefits; this can happen if they are in the DI trial work period or the grace period, or if they are not engaged in substantial gainful activity, despite earning enough income to reduce their SSI benefit to zero. These beneficiaries would likely benefit from any improvements to the work incentives for

DI, such as the benefit offset being tested under the Benefit Offset National Demonstration (BOND) or the work-incentive simplifications to be tested in the Work Incentives Simplification Pilot (WISP).

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