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Earnings and Work Expectations of Social Security Disability Beneficiaries

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The passage of the Ticket to Work and Work Incentives Improvement Act of 1999 prompted several changes in the Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) programs intended to help disability program participants go to work. During the past eight years, the Social Security Administration (SSA) has instituted initiatives that provide information to beneficiaries about how work affects their benefits, offer more options for accessing employment services, facilitate beneficiaries' return to the disability rolls after unsuccessful work attempts, and simplify the processing of earnings information by SSA staff. SSA's recent focus on employment represents an important change in the culture of the disability programs, as the programs were originally established to provide income support to individuals deemed unable to engage in substantial gainful activity (SGA).¹ Historically, fewer than 3 percent of the individuals in any enrollment cohort have left the rolls as a result of securing employment (Newcomb et al. 2003).

This brief presents information about the extent to which SSI and SSDI beneficiaries are currently working and engaging in efforts to return to work. It also examines the extent to which they are interested in increasing their earnings and self-sufficiency, and the challenges they face along the way. The statistics are based on a recent nationally representative survey of working-age (age 18 to 64) SSI and SSDI beneficiaries.²

What share of working-age SSI and SSDI beneficiaries are working and what are their job characteristics?

Overall, 9 percent of working-age beneficiaries were employed at the time they were interviewed in 2004, and another 6 percent had been seeking work during the previous four weeks. A somewhat larger share (13 percent) indicated that they had worked for pay for one month or longer during the previous year. Overall, 18 percent of working-age beneficiaries had been employed or actively sought employment during the last year (top panel of Table 1).

Among those who were employed at the time of the interview, only a small share (21 percent) worked full time (35 or more hours per week), and most (69 percent) earned less than \$8 per hour (Table 2). On average, employed beneficiaries earned \$622 per month; only about 22 percent earned at a level above SGA (\$810 per month at the time of the survey). Although they were working few hours at low wage levels on average, a large share of beneficiaries (44 percent) had held their jobs for more than two years; median job duration was 26 months.

¹ To be eligible, an applicant must be unable to engage in SGA by reason of a medically determinable physical or mental impairment that can be expected to last at least 12 months or to result in death. In 2008, SSA considers earnings above \$940 per month as SGA for most applicants.

² The data presented are from the 2004 National Beneficiary Survey (NBS), a nationally representative survey of 7,601 SSI and SSDI beneficiaries ages 18 to 64, conducted as part of the SSA Ticket to Work program evaluation. See Thornton et al. (2006) for a description of the 2004 NBS and for findings in addition to those presented here.

Employment statistics vary with program participation status. Concurrent beneficiaries (those receiving both SSDI and SSI) were most likely to be employed (11 percent) and SSI-only recipients were least likely (7 percent). Employed SSI-only recipients, however, were most likely to be working full-time (31 percent), had the highest average monthly earnings (\$729), and were most likely to be working above SGA (36 percent). Employed concurrent beneficiaries were most likely to be working in sheltered employment (48 percent) and reported the lowest average hourly wages and monthly pay.

What share of working-age SSI and SSDI beneficiaries use employment-related services?

About one-third of all working-age beneficiaries reported using services during the previous year (2003) to improve their ability to work or to live independently (not shown), but less than half of these (12 percent overall) reported recent service use and training activities that would be considered specific to employment (second panel of Table 1). The shares reporting use of employment and training services did not differ markedly by program status.

How many working-age SSI and SSDI beneficiaries are interested in employment?

Although at any given time only a small share of beneficiaries are employed or engaged in employment-related activities, a rather large share report having goals that include work and/or see themselves working in the future. Overall, 40 percent of beneficiaries indicated that their personal goals include getting a job, moving up in a job, or learning new job skills, and/or saw themselves working for pay in the near future (third panel of Table 1). Even if the reported expectations tend to be overly optimistic, the findings imply that large numbers of beneficiaries (about 4 million) are interested in employment and they might benefit from policies designed to promote employment. The large share of beneficiaries indicating an interest in employment, either through their actions or expectations, suggests that well-designed policies to promote and support work might be successful. While a large share of working-age beneficiaries report an interest in employment, far fewer see themselves working and earning enough to leave the SSI or SSDI rolls in the near future. Overall, just 15 percent of working-age beneficiaries saw themselves working and earning enough to leave

Table 1. Employment-Related Activities and Expectations of Working-Age SSI and SSDI Beneficiaries

	All Beneficiaries	SSDI-only	Concurrent	SSI-only
Work-Related Activities (%)				
Working at time of interview	9	9	11	7
Worked during the previous year	13	13	17	11
Looked for work during the past 4 weeks	6	4	8	8
<i>Any of the above</i>	18	16	23	17
Employment Service Use and Training Activities (%)				
Not working because waiting to finish school/training program	4	2	4	6
Used employment or training services in previous year	8	8	11	8
Used employment and/or other services in previous year specifically for purpose of getting a job or increasing income	3	3	4	3
<i>Any of the above</i>	12	10	14	13
Work-Related Goals and Expectations (%)				
Goals include work/career advancement	30	25	35	36
Sees self working for pay in the next year	20	18	24	22
Sees self working for pay in the next 5 years	26	22	31	30
Sees self working and earning enough to stop receiving disability benefits in the next 5 years	15	12	18	19
<i>Any of the above (%)</i>	40	35	45	44
Any of the Above (%)	43	39	49	48

Source: 2004 National Beneficiary Survey.

Table 2. Job Characteristics of Employed SSI and SSDI Beneficiaries

	All Beneficiaries	SSDI-only	Concurrent	SSI-only
Working at the time of interview (%)	9	9	11	7
Hours				
Usual hours per week (%)				
1 – 10	25	28	22	21
11 – 20	31	32	32	26
21 – 34	23	22	27	22
35 +	21	18	19	31
Average hours per week	22	22	23	24
Wages and Pay				
Hourly wage (%)				
<\$5.15	36	30	48	38
\$5.16 – \$7.99	33	34	33	32
\$8.00 +	31	35	19	30
Average hourly wage (\$)	7.00	7.58	5.11	7.20
Average monthly pay (\$)	622	644	436	729
Percent earning above SGA (>\$810/mo)	22	20	14	36
Type of Employment				
Sheltered employment (%)	37	30	48	44
Duration of Employment				
Months employed at job (%)				
0 – 6 months	18	17	21	20
7 – 12 months	13	12	15	14
13 – 24 months	11	11	7	13
25 months +	44	43	44	45
Unknown	14	17	13	8
Median months employed at job among those reporting job duration	26	27	25	23

Source: 2004 National Beneficiary Survey. Sample size = 1,155 sample members employed at interview.

the disability rolls in the next five years. Expectations in this regard were somewhat higher among concurrent and SSI-only beneficiaries (18 and 19 percent, respectively) than among SSDI-only beneficiaries (12 percent).

Considering all of the work-related activities and expectations shown in Table 1, 43 percent of all beneficiaries demonstrate an interest in employment, with the shares being considerably higher among SSI-only (48 percent) and concurrent (49 percent) beneficiaries than among SSDI-only beneficiaries (39 percent) (bottom row of Table 1). The greater interest in employment among SSI-only and concurrent beneficiaries relative to SSDI-only beneficiaries might reflect a variety of factors,

such as their younger ages, better general health status, and a lack of other sources of income in the absence of earnings (Thornton et al. 2006). It might also reflect differences between the two programs in the treatment of earnings—SSI recipients are subject to a gradual loss of cash benefits as earnings rise, whereas SSDI beneficiaries are subject to a total loss of cash benefits when earnings exceed the SGA level for more than nine months. The sudden loss of SSDI benefits when earnings exceed a level that is just above the federal poverty level is likely a greater deterrent to higher earnings, especially among those whose benefits are high (often higher than SGA itself) or who are unable to earn well above SGA.³

³ The 2008 annualized SGA level is equal to \$11,280, which is equivalent to 108 percent of the 2008 federal poverty level for a one-person household (\$10,400).

Why aren't more SSI and SSDI beneficiaries working?

It may be surprising that, given the large share of beneficiaries who report having work goals or expectations (40 percent), so few (9 percent) are actually working at any given time. If policies are to successfully address the gap between expectations and employment outcomes, they must address the reasons for that gap. Benefit reductions are one possibly important reason,⁴ but there are others. As all SSI and SSDI beneficiaries have met strict program eligibility criteria demonstrating that they have a very limited or no ability to work, many have characteristics that may limit their ability to secure and maintain employment despite a desire to do so. A large share (39 percent) are age 55 and older. Even larger shares report having poor (43 percent) or deteriorating (41 percent) health, and have difficulty performing activities essential to most forms of employment, such as getting around outside of the home (46 percent), concentrating (55 percent), and coping with stress (58 percent). About half of all beneficiaries (53 percent) have been on the rolls for 10 years or longer, and therefore may have lost whatever attachment to the labor force they might have had. Other potential challenges to successful employment are evident: a large share (42 percent) have less than high-school-level education, possibly limiting their employment opportunities; about half (49 percent) are living in poverty, suggesting that they and their families likely rely on public programs for which eligibility could be jeopardized by earnings; and many report a

variety of obstacles to getting and keeping jobs, such as a lack of reliable transportation (18 percent), inaccessible workplaces (28 percent), and discouragement from work either by others (27 percent) or through their own experiences (30 percent) (Thornton et al. 2006). It is also possible that survey respondents exaggerate their interest in work. These findings suggest, however, that changing the economic incentives inherent in the programs' eligibility requirements and treatment of earnings alone will be insufficient to bring about successful returns to work for many beneficiaries. Supports that address the variety of obstacles to employment, low levels of education, and reliance on other public programs are also necessary.

Is SSA's effort to promote work among SSI and SSDI beneficiaries a lost cause?

Past experience has shown that very few beneficiaries ever leave the disability rolls due to work, in part because many face significant barriers to employment stemming from personal characteristics, health status, incentives in public assistance programs, and workplace environments. SSA's recent experience with the Ticket to Work program also suggests that increasing the number of beneficiaries who leave the disability rolls due to work is no easy task. Early evaluation evidence from Ticket to Work suggests that the number of beneficiaries who assign their Tickets and leave the rolls for at least one month within three years is on the order of one-tenth of 1 percent (Thornton et al. 2006). The survey findings suggest, however, that the potential for beneficiaries to increase their self-sufficiency through work is much greater.

References

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⁴About 11 percent of beneficiaries who were not working at interview reported fear of losing cash or health insurance benefits as a reason for not working (Thornton et al. 2006).

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