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Social Security Disability Insurance (SSDI) Demonstration Projects

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Summary

Congress authorized the Social Security Administration (SSA) in 1980 to conduct demonstration projects to test changes to the agency's Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. The demonstration authority granted by Congress allowed the SSA, on its own, to temporarily waive program rules, including rules regarding program eligibility and benefit administration, in order to test the impact of these changes on the return to work rate of program beneficiaries and the size of the SSDI and SSI benefit rolls.

Although Congress granted the SSA permanent authority to conduct SSI demonstrations in the 1980 amendments, the authority given the agency to conduct SSDI demonstrations was temporary and expired in 1985. Since 1985, Congress has passed five temporary extensions of the agency's SSDI demonstration authority. The most recent of these extensions expired in 2005 leaving the SSA without the authority to begin any new SSDI demonstration projects. At that time, the SSA was in the process of planning and administering eight SSDI demonstration projects. Five of these demonstration projects have been completed, two were cancelled before implementation, and one is ongoing.

In 2004 and 2008, the Government Accountability Office (GAO) criticized the SSA for its administration of its disability demonstration projects. The GAO found that the SSA did not use the authority granted to it by Congress to test a wide enough variety of program options and did not have in place a system to identify program changes and policy options that should be tested in demonstrations. In addition, the GAO criticized the SSA for the methodological limitations of some of its demonstration projects and found that the results of these projects were not properly shared within the agency, with Congress, or with the public. Because of this, the GAO concluded that these SSA demonstration projects had little impact on the overall policy debate or on the ways that Congress and the agency could work to improve the historically low return to work rate of SSDI and SSI beneficiaries and reduce the rolls of these large disability benefit programs.

This report presents a summary of the five completed and one ongoing SSDI demonstration projects. The objective of this information is to aid Congress in its ongoing discussions of the future of the SSA disability benefit programs and the decision to temporarily or permanently extend the demonstration authority of the agency.

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Social Security Disability Benefit Programs

The Social Security Administration (SSA) administers two programs, Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI), which provide income and benefits to persons unable to work because of serious disabling conditions.¹ In both programs, disabled individuals must pass the same statutory test of disability as outlined in Titles II and XVI of the Social Security Act.²

Social Security Disability Insurance

The SSDI program pays benefits to disabled individuals under the provisions of Title II of the Social Security Act. SSDI benefits are paid to those who meet the statutory test of disability and have completed a five-month waiting period from the onset of disability.³ SSDI is an insured program and beneficiaries must have sufficient work histories in employment covered by Social Security to qualify for benefits.⁴ Benefits and administrative costs are paid out of the Disability Insurance (DI) Trust Fund, which is funded by a portion of the payroll taxes collected on earnings.⁵ The SSDI program pays monthly benefits based on past earnings and, after two years, participants are eligible to receive Medicare.⁶ Benefits are also paid to the spouses and dependent children of SSDI beneficiaries.

In February 2014, the SSDI program paid benefits to nearly 11.0 million people, including more than 8.9 million disabled workers, 153,000 of their spouses, and almost 1.9 million of their dependent children. That month, the SSDI program paid out more than \$10.9 billion in benefits with disabled workers each receiving an average monthly cash benefit of \$1,145.91.⁷

Supplemental Security Income

Under the provisions of Title XVI of the Social Security Act, disabled individuals are entitled to benefits from the SSI program if they meet the statutory test of disability and have income and

¹ For more information on the SSDI and SSI programs, see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*.

² 42 U.S.C. §§423(d) and 1382c. A person is disabled under the terms of the statute if he or she is unable to engage in any substantial gainful activity (for 2014, earnings of \$1,070 per month for non-blind persons and \$1,800 per month for blind persons) because of a medically determinable physical or mental impairment. This impairment must be expected to result in the impaired person's death, or be expected to last at least 12 consecutive months. In addition, this impairment must prevent a person from engaging in his or her previous work or in any other work that exists in the national economy. Special rules apply to persons who are blind.

³ For more information on the five-month waiting period, see CRS Report RS22220, *Social Security Disability Insurance (SSDI): The Five-Month Waiting Period for Benefits*.

⁴ A detailed explanation of the insurance requirements can be found in CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*.

⁵ For information on the DI trust fund, see CRS Report R43318, *Social Security Disability Insurance (DI) Trust Fund: Background and Solvency Issues*, by William R. Morton.

⁶ For more information, see CRS Report RS22195, *Social Security Disability Insurance (SSDI) and Medicare: The 24-Month Waiting Period for SSDI Beneficiaries Under Age 65*.

⁷ Social Security Administration, *Monthly Statistical Snapshot, February 2014*, March 2014, Table 2, http://www.ssa.gov/policy/docs/quickfacts/stat_snapshot (hereinafter cited as "SSA Monthly Statistical Snapshot").

assets that fall below program guidelines. SSI benefits are paid out of the general revenue of the United States and all participants receive the same basic monthly benefit.⁸ In most states, adults who collect SSI are automatically entitled to coverage under the Medicaid health insurance program.⁹

In February 2014, nearly 8.4 million people, including more than 1.3 million disabled children, received SSI benefits. That month, the average benefit received was \$535.10 and the program paid out a total of \$4.7 billion in SSI cash benefits.¹⁰ Moreover, some SSI beneficiaries may qualify for SSDI. In February 2014, over 1.6 million disabled individuals under the age of 65 received both Social Security and SSI cash benefits.¹¹

Legislative History of the SSA's Disability Demonstration Authority

Table 1. Legislative History of SSA's Demonstration Authority

Public Law Number	Public Law Name	Expiration Date of SSDI's Demonstration Authority
P.L. 96-265	Social Security Disability Amendments of 1980	June 9, 1985
P.L. 99-272	Consolidated Omnibus Budget Reconciliation Act of 1985	June 19, 1990
P.L. 101-239	Omnibus Budget Reconciliation Act of 1989	June 10, 1993
P.L. 103-296	Social Security Independence and Program Improvements Act of 1994	June 10, 1996
P.L. 106-170	Ticket to Work and Work Incentives Improvement Act of 1999	December 18, 2004
P.L. 108-203	Social Security Protection Act of 2004	December 18, 2005

Source: The Congressional Research Service (CRS).

The Social Security Disability Amendments of 1980

Congress first granted the SSA the authority to conduct disability demonstration projects with the passage of the Social Security Disability Amendments of 1980 (P.L. 96-265). The 1980 amendments conferred upon the SSA the authority to conduct SSDI demonstration projects for

⁸ The basic monthly federal benefit amount for 2014 is \$721 for a single person and \$1,082 for a couple. This amount is supplemented by a majority of the states and the District of Columbia. A participant in the SSI program receives the federal benefit amount, plus any state supplement, minus any countable income. SSI benefits are not available to residents of Puerto Rico, Guam, or the U.S. Virgin Islands. Residents of these jurisdictions are eligible to receive federal benefits from their commonwealth or territorial government under provisions of Titles I, X, XIV and XVI of the Social Security Act. These benefits are administered by the Department of Health and Human Services.

⁹ For more information on Medicaid for persons with disabilities, see CRS Report R43357, *Medicaid: An Overview*, coordinated by Alison Mitchell.

¹⁰ Because SSI benefits are reduced by countable income, the average monthly SSI benefit is lower than the basic federal benefit amount. SSA Monthly Statistical Snapshot, Table 3.

¹¹ SSA Monthly Statistical Snapshot, Table 1. The vast majority of SSI beneficiaries under the age of 65 in concurrent receipt of Social Security draw SSDI cash benefits; however, some SSI beneficiaries under age 65 receive dependent benefits from the Old-Age and Survivors Insurance (OASI) program.

five years and permanent authority to conduct SSI demonstration projects. The 1980 amendments also outlined the type of demonstration projects that should be undertaken and the rules that should govern these projects.

Although Congress granted the SSA permanent authority to conduct SSI demonstrations in the 1980 amendments, the authority given the agency to conduct SSDI demonstrations was temporary and expired in 1985. Since 1985, Congress has passed five temporary extensions of the agency's SSDI demonstration authority. The most recent of these extensions expired in 2005 leaving the SSA without the authority to begin any new SSDI demonstration projects.

Extensions of SSDI Demonstration Authority

Congress first extended the agency's SSDI demonstration authority in 1986 with the passage of the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272). Section 2101 of this act extended the SSDI demonstration authority of the SSA until 1990. Before this expiration date, Congress further extended the agency's SSDI demonstration authority with the passage of the Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239). Section 10103 of this act extended the agency's SSDI demonstration authority until 1993. This authority was further extended until 1995 by Section 315 of the Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296).

When the SSA's authority to conduct SSDI demonstrations expired in 1995, it was not renewed again until the passage of the Ticket to Work and Work Incentives Improvement Act of 1999, which granted the agency a five-year extension of its demonstration authority (P.L. 106-170). This authority was extended a final time in 2004 with the passage of the Social Security Protection Act of 2004 (P.L. 108-203). Section 401 of this act granted a final extension of the agency's demonstration authority until December 2005. With the expiration of this provision, the SSA currently does not have the authority to begin any new SSDI demonstration projects but does have the authority to continue projects that began before the expiration of the demonstration authority.

President Barack Obama's Fiscal Year (FY) 2015 budget proposes to restore the SSA's demonstration authority for the SSDI program, and SSA officials have urged Congress to support this proposal in the past.¹²

GAO Evaluations of SSA's Use of Its Demonstration Authority

Section 303(e) of the Ticket to Work Act directed the GAO to study the results of the SSA's disability demonstration projects. The report, entitled *Social Security Disability: Improved Processes for Planning and Conducting Demonstrations May Help SSA More Effectively Use Its Demonstration Authority*, was released in November 2004. In the report, the GAO criticized the SSA for not testing a wide enough variety of policy alternatives in its demonstrations, for the

¹² Office of Management and Budget, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015*, March 2014, p.67, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/spec.pdf>. See also U.S. Congress, House Committee on Ways and Means, Subcommittee on Social Security, *Chairman Johnson Announces Hearing on Encouraging Work Through the Social Security Disability Insurance Program*, Testimony of David Weaver, Associate Commissioner of SSA's Office of Program Development and Research, 113th Cong., 1st sess., June 19, 2013, http://waysandmeans.house.gov/uploadedfiles/weaver_testimony_61913ss.pdf.

methodological limitations of many past demonstrations, and for the SSA’s lack of communication of the results of these demonstrations with the public, Congress, or within the agency.¹³ The report concluded that the SSA’s disability demonstration projects had little impact on the overall efforts of the agency and Congress to improve the historically low return to work rate of SSDI and SSI program participants.

Four years after the 2004 report, the GAO issued another report critical of the SSA’s management of its demonstration projects.¹⁴ In this 2008 report, the GAO found that while the SSA had taken steps to improve agency management of disability demonstration projects, several problems found in the 2004 report remained, including a lack of research protocols to govern demonstration projects. As it had concluded four years earlier, the GAO in 2008 found that the SSA’s demonstration projects had little impact on disability policy and the SSDI and SSI programs.

Status of SSDI Demonstration Projects

In its 2008 report, the GAO identified eight demonstration projects that the SSA had begun under its SSDI demonstration authority before this authority expired in 2005.¹⁵ Of these eight projects, six are related to the SSDI program and two are related to both the SSDI and SSI programs. The GAO further identified that two of these projects had been canceled.¹⁶ As of this report, five demonstration projects have been completed and one is ongoing. **Table 2** provides a summary of the status of the eight SSDI demonstration projects.

Table 2. Status of SSDI Demonstration Projects

Project	Focus	Status
Accelerated Benefits Demonstration	SSDI	Completed
Benefit Offset National Demonstration (BOND)	SSDI	Ongoing
Benefit Offset Pilot	SSDI	Completed
California RISE (HIV and autoimmune disorders)	SSDI	Canceled
Early Intervention Demonstration	SSDI	Canceled
Mental Health Treatment Study	SSDI	Completed
State Partnership Initiative (SPI)	SSDI and SSI	Completed
Youth Transition Demonstration	SSDI and SSI	Completed ^a

Source: CRS table with information from U.S. Government Accountability Office, *Social Security Disability: Management Controls Needed to Strengthen Demonstration Projects*, GAO-08-1053, September 26, 2008; Social

¹³ U.S. Government Accountability Office, *Social Security Disability: Improved Processes for Planning and Conducting Demonstrations May Help SSA More Effectively Use Its Demonstration Authority*, GAO-05-19, November 4, 2004.

¹⁴ U.S. Government Accountability Office, *Social Security Disability: Management Controls Needed to Strengthen Demonstration Projects*, GAO-08-1053, September 26, 2008.

¹⁵ The GAO also identified six SSI demonstration projects, three of which had been cancelled. This CRS report does not provide information on SSI demonstration projects.

¹⁶ This CRS report does not provide any additional information on cancelled projects.

Security Administration, *Annual Report on Section 234 Demonstration Projects, May 2010*, May 2010; Social Security Administration, *Annual Report on Section 234 Demonstration Projects, May 2011*, May 2011; and Social Security Administration, *Annual Report on Section 234 Demonstration Projects, June 2013*, June 2013.

- a. The last Youth Transition Demonstration (YTD) project site closed in FY2012; however, the final comprehensive YTD evaluation report will not be completed until the fourth quarter of FY2014. No funding was requested for the YTD in FY2014. For more information, see Social Security Administration, *Justification of Estimates for Appropriations Committees Fiscal Year 2015*, March 2014, p. 85, <http://www.ssa.gov/budget/FY15Files/2015FCJ.pdf>.

Completed SSDI Demonstration Projects

Accelerated Benefits Demonstration

The purpose of the Accelerated Benefits (AB) demonstration project was to test the impact of providing immediate medical coverage on new SSDI beneficiaries. Under current program rules, new beneficiaries are not eligible for Medicare coverage for a period of 24 months after receiving benefits. Evidence shows that the lack of access to medical coverage during the 24-month Medicare waiting period can have a negative impact on the health, disability status, and employment of SSDI beneficiaries.¹⁷ The demonstration project targeted new SSDI beneficiaries without any other form of insurance in the hope that by providing them with immediate access to medical coverage, the agency could increase their prospects for medical improvement and employment and decrease the amount of time they spend on the benefit rolls.

Participants in the Accelerated Benefits demonstration project were randomly assigned into a control group, which received no interventions, or one of two treatment groups. The AB treatment group received comprehensive health insurance, which covers outpatient services, hospitalization, prescription drugs, and vision and dental care with no premiums. The AB Plus treatment group received the same health insurance as the AB treatment group as well as additional interventions.¹⁸

An evaluation report released in 2011 by SSA contractor MDRC found that treatment group members reported fewer unmet healthcare needs than those in the control group and were less likely than control group members to delay or forgo healthcare for financial reasons.¹⁹ In addition, members of the AB Plus treatment group were more likely than the AB treatment or control groups to use vocational rehabilitation and return to work services. However, all three groups had the same employment levels. Moreover, the report noted that it was unlikely that the demonstration would be cost-neutral to SSA.

¹⁷ Gerald F. Riley, "The Cost of Eliminating the 24-Month Medicare Waiting Period for Social Security Disabled-Worker Beneficiaries," *Medical Care*, vol. 42, no. 4 (April 2004), pp. 387-394.

¹⁸ AB Plus treatment group members received medical care management services and were given access to employment and benefits counseling.

¹⁹ Charles Michalopoulos et al., *The Accelerated Benefits Demonstration and Evaluation Project: Impacts on Health and Employment at Twelve Months*, MDRC, February 2011, http://www.ssa.gov/disabilityresearch/documents/AB%20Vol%201_508%20comply.pdf.

Benefit Offset Pilot

The SSA completed a four-state Benefit Offset Pilot demonstration project that was designed to provide information that the agency could use to implement the Benefit Offset National Demonstration (BOND). While it was expected that the pilot would yield some information on the impact of the specific interventions on project participants, the small sample size precluded any conclusions from this data.²⁰

The Benefit Offset Pilot demonstration used an experimental design in which participants were randomly assigned to a treatment group that could take advantage of the benefit offset and a control group that followed the normal rules regarding the treatment of earnings by the SSDI program. Participants in both the treatment and control groups also received benefits counseling services provided by the states. Members of the treatment group were able to take advantage of a benefit offset in which any earnings above substantial gainful activity (SGA) would not result in termination from the SSDI program but rather reduced the amount of the monthly SSDI benefit. The SSDI benefit was reduced by \$1 for every \$2 in earnings in a manner similar to the gradual reduction of SSI benefits due to earned income. The benefit offset only applied after the trial-work period was completed.

The primary goal of the Benefit Offset Pilot demonstration project was to inform the SSA on process issues to assist the agency in its implementation of the national demonstration. In their evaluations, the states and the SSA found several problems with the processes used to track participants' earnings and calculate benefit offsets. In addition to this process information, the evaluations also showed that the interventions did result in a higher percentage of treatment group members with earnings above the SGA level. The SSA's data match also showed that because of partial payments made to beneficiaries who otherwise would not have received SSDI because of earnings, there was an overall increase in total benefit spending.²¹

State Partnership Initiative

The State Partnership Initiative (SPI) was a series of 18 state-level projects, with 12 financed by the SSA and six by the Department of Education, Rehabilitation Services Administration, between 1999 and 2004.²² The overall goal of the SPI was to test the impact of a wide variety of interventions and supports on the employment of SSDI beneficiaries, SSI recipients, and other persons with disabilities.²³

Each of the 12 SPI project states was free to design its own research methodology. Three of the 12 projects used an experimental design and randomly assigned SSDI beneficiaries and SSI recipients into treatment and control groups with the Oklahoma project having the most rigorous research design. Other projects attempted to match participants with comparable groups, such as

²⁰ For more information on the Benefit Offset Pilot demonstration, see Social Security Administration, *Benefit Offset Four-State Pilot*, <http://www.ssa.gov/disabilityresearch/offsetpilot.htm>.

²¹ Social Security Administration, *Annual Report on Section 234 Demonstration Projects, May 2011*, May 2011 (hereinafter cited as "SSA, *Annual Report on Demonstration Projects, 2011*").

²² This report focuses on the 12 SSA-financed projects.

²³ For more information on the State Partnership Initiative, see Social Security Administration, *State Partnership Initiative (SPI) Evaluation*, <http://www.socialsecurity.gov/disabilityresearch/spieval.htm>.

all other beneficiaries, whereas others did not attempt any comparisons of participants and non-participants.

Each state was free to design its own set of interventions to provide to SPI participants. In its evaluation of the project, the Virginia Commonwealth University State Partnership Initiative Evaluation and Information Office (VCU) identified the most common interventions offered by the states were benefits planning and assistance services, Medicaid waivers or a Medicaid buy-in program, and services provided through Department of Labor One-Stop centers.²⁴

Each state was required to evaluate its SPI project and these evaluations were synthesized by the SSA and VCU. Specifically, VCU focused on the three states—New York, New Hampshire, and Oklahoma—that used experimental design to assess the impact of interventions in these states on the employment of project participants. VCU found that in New York and Oklahoma, the proportion of project participants who worked after one year increased by 9% to 18% relative to the control groups. In New Hampshire, however, the proportion of treatment group members that worked after one year dropped by 30% from the previous year relative to the control group. However, despite the increase in the employment rate among participants in two states, the interventions were found to have either no effect, or a statistically significant negative effect on the earnings of project participants.

Mental Health Treatment Study

The purpose of the Mental Health Treatment Study (MHTS) demonstration was to determine the impact of treatment and rehabilitation services on the health and employment of SSDI recipients with mental disorders.²⁵ In 2012, mental disorders were the primary diagnoses in 18% of new SSDI awards to disabled workers, and 32% of awards to disabled workers under the age of 50.²⁶ Mental disorders are the second most common diagnosis among all new SSDI beneficiaries and the most common among workers under 50 years old.²⁷ Mental disorders are also the most common diagnosis among all current SSDI disabled-worker beneficiaries.²⁸

The number of persons with mental disorders on the SSDI rolls is growing despite the fact that many mental disorders are treatable. In addition, evidence shows that through a combination of medical and rehabilitation services, many persons with mental disorders can be fully integrated into society and can return to employment.²⁹ However, the episodic nature of many mental disorders requires persons with these conditions to have access to ongoing medical and employment supports, and these types of supports are not readily available through the vocational rehabilitation or Ticket to Work systems that are offered to SSDI and SSI beneficiaries. In addition, the lack of health coverage during the first 24 months on the SSDI rolls, as well as gaps

²⁴ Virginia Commonwealth University State Partnership Initiative Evaluation and Information Office, *Conclusions Drawn from the State Partnership Initiative*, May 2006, p. 26.

²⁵ SSA, Annual Report on Demonstration Projects, 2011.

²⁶ Social Security Administration, *Annual Statistical Report on the Social Security Disability Insurance Program, 2012*, November 2013, Tables 40 and 41, http://www.ssa.gov/policy/docs/statcomps/di_asr/.

²⁷ Ibid.

²⁸ Ibid., Table 21.

²⁹ For a review of this evidence, see Laudan Aron, Martha Burt, and David Wittenburg, *Recommendations to the Social Security Administration on the Design of the Mental Health Treatment Study (MHTS)* (Washington: The Urban Institute, 2005).

in the provided Medicare coverage, leaves some SSDI recipients with mental disorders unable to access the care they need.

The MHTS used an experimental design with random selection of participants into treatment and control groups. Selected by the SSA for the project, demonstration participants were drawn from 22 geographic areas and consisted of adult SSDI recipients diagnosed with either schizophrenia or an affective disorder and who indicated a desire to work. Participants selected for the control group received no interventions, but were exempted from having the SSA perform a Continuing Disability Review (CDR) of their status while they were participating in the demonstration. Members of the treatment group received the same protection from CDRs as well as a customized set of medical and employment supports provided by private-sector providers who were reimbursed for their services by the SSA. These medical services were to be based on the individual needs of the beneficiaries and consisted of both outpatient pharmaceutical and psychotherapeutic treatments and were to be coupled with other traditional employment supports.

The primary contractor for the MHTS was Westat and a final report on the demonstration project was presented to the SSA in July 2011. According to the report, the combination of medical and employment supports resulted in better outcomes for the treatment group relative to the control group.³⁰ For instance, the treatment group experienced employment rates 21 percentage points higher than the control group and exhibited a significant improvement over the control group in mental health status.³¹ In addition, the treatment group earned more, worked longer hours, and showed a significant improvement over the control group in terms of quality of life.

However, the study found that only 8% of all participants (both treatment and control) earned above SGA over a 24-month period.³² In June 2013, the SSA noted that MHTS services had “no impact on increasing SGA or on reducing SSDI benefit payments among beneficiaries.”³³

Youth Transition Demonstration

The purpose of the Youth Transition Demonstration (YTD) was to determine if waiving SSI income and asset rules and providing coordinated employment support services to younger SSI and SSDI beneficiaries would ease the transition of these beneficiaries into adulthood and result in an increased likelihood that they will leave the benefit rolls because of work. The YTD expanded on earlier work by the SSA to determine the impact of providing coordinated benefits planning and transition services, as well as SSI program waivers that allow beneficiaries to build savings on the post-education employment activities of transition-aged disability beneficiaries.

The YTD used an experimental design to test the impact of a series of interventions on transition-age disability beneficiaries. The SSA selected six sites in five states to conduct the demonstration, and at each site, a local or state agency or organization under contract with the SSA designed and

³⁰ William D. Frey et al., *Mental Health Treatment Study: Final Report*, Westat, July 2011, p. EX-7, http://www.ssa.gov/disabilityresearch/documents/MHTS_Final_Report_508.pdf.

³¹ Ibid. The 24-month employment rate for the treatment group was 61%, while the employment rate for the control group was 40%.

³² Ibid., p. 9-6

³³ Social Security Administration, *Annual Report on Section 234 Demonstration Projects*, June 2013, p. 13, <http://www.ssa.gov/disabilityresearch/demos.htm> (hereinafter cited as “SSA, Annual Report on Demonstration Projects, 2013”).

provided a package of coordinated benefit and employment supports. Demonstration participants were randomly assigned to either a control group or a site-specific treatment group. Members of the control group received no interventions. All members of the site-specific treatment groups received conditional SSI waivers, as well as interventions to provide better-coordinated employment, education, and benefit planning supports.³⁴ Common features among the YTD interventions were benefits counseling, navigation services, and employment services such as assistance with job searches.

Phase One projects (Colorado; Bronx Co., NY; and Erie Co., NY) finished providing services to participants in 2009, while Phase Two projects (Miami-Dade Co., FL; Montgomery Co., MD; and West Virginia) finished providing services in March 2012. Final reports on each YTD project are expected in August 2014.³⁵

Preliminary reports suggest that the YTD interventions from some Phase One and Phase Two projects improved employment and earnings outcomes among program participants in the first year after random assignment.³⁶ For example, in West Virginia, 43% of the treatment group worked for pay, compared with 24% of the control group.³⁷ In addition, treatment group participants in the West Virginia program earned roughly 51% more than the members of the control group did.³⁸ In the second year after random assignment, however, the share of the treatment group that worked for pay declined for five of the six projects, including West Virginia.³⁹ Because many program participants are under the age of 18 or still in school, the long-term effects of the YTD interventions on employment outcomes and benefit receipt remain inconclusive.⁴⁰

³⁴ Treatment group members received the following conditional SSI waivers: (1) continued SSI benefits even if a continuing disability review finds the participant is no longer disabled; (2) eligibility for the student earned income exclusion for all students regardless of their marital status or age; (3) an earned income exclusion of the first \$65 in a month and 75% of any additional earnings; (4) eligibility to place money in an Individual Development Account and have that money exempted from SSI resource rules; and (5) liberalized Plan for Achieving Self-Sufficiency (PASS) account rules that allow for career exploration or post-secondary education to serve as employment goals.

³⁵ John Martinez, Michelle S. Manno, and Peter Baird, et al., *The Social Security Administration's Youth Transition Demonstration Projects: Profiles of the Random Assignment Projects*, Mathematica Policy Research, December 11, 2008, p. 82, http://mathematica-mpr.com/publications/PDFs/SSA_YTD.pdf.

³⁶ Thomas Fraker, *The Youth Transition Demonstration: Lifting Employment Barriers for Youth with Disabilities*, Mathematica Policy Research, Issue Brief: Number 13-01, February 2013, pp. 1-4, http://www.mathematica-mpr.com/publications/PDFs/disability/YTD_Brief13-01.pdf. Of the Phase Two projects, Miami-Dade Co., FL and West Virginia had statistically significant positive impacts on both paid employment and total earnings. Of the Phase One projects, Bronx Co., NY had a statistically significant positive impact on paid employment.

³⁷ Thomas Fraker et al., *The Social Security Administration's Youth Transition Demonstration Projects: Interim Report on West Virginia Youth Works*, Mathematica Policy Research, December 3, 2012, p. xix, <http://www.ssa.gov/disabilityresearch/documents/WV%20YTD%20Report%2012-3-2012.pdf>.

³⁸ Ibid., p. xx.

³⁹ Jeffrey Hemmeter, "Earnings and Disability Program Participation of Youth Transition Demonstration Participants after 24 Months," *Social Security Bulletin*, vol. 74, no. 1 (February 2014), <http://www.ssa.gov/policy/docs/ssb/v74n1/v74n1p1.html>.

⁴⁰ See SSA, Annual Report on Demonstration Projects, 2013, p. 5.

Ongoing SSDI Demonstration Projects

Benefit Offset National Demonstration

The purpose of the Benefit Offset National Demonstration (BOND) is to determine the impact of a graduated benefit offset program on the employment of SSDI beneficiaries. Under this graduated benefit offset program, SSDI beneficiaries who work in a given month have their benefits reduced at a rate of \$1 for every \$2 in earnings above the SGA level. This type of graduated benefit offset is already used in the SSI program. In addition to the graduated benefit offset, demonstration participants are provided with enhanced benefits counseling.

The current SSDI and SSI programs differ in their treatment of the work activity and earnings of beneficiaries. Under SSI program rules, one half of all earned income in a month is counted by the SSA and used to reduce a beneficiary's monthly benefit payment, effectively allowing an SSI beneficiary to earn over twice as much as the maximum benefit rate and still collect some cash benefits. Under SSDI program rules, any earnings above the SGA level in a given month, after the completion of the Trial Work Period, result in a loss of all cash benefits, a situation that is commonly referred to as the "cash cliff."

This cash cliff is considered a significant barrier to the return to work efforts of many SSDI beneficiaries, as it provides a financial disincentive to earn above the SGA level.⁴¹ It is posited that removing this cliff through a graduated benefit offset and providing a package of additional employment supports will encourage demonstration project participants to attempt to return to the workforce with the ultimate goal of full-time work and independence from the disability rolls.

Stage One of the BOND was designed to test the impact of a \$1 for \$2 benefit offset on SSDI beneficiary earnings and employment outcomes. Approximately 77,100 SSDI-only and concurrent SSDI and SSI beneficiaries were randomly selected into a single treatment group that participates in the benefit offset, while approximately 891,600 beneficiaries were selected for the control group. Stage Two of the BOND was designed to test the impact of the interaction of the benefit offset with enhanced work incentives counseling. Approximately 238,100 SSDI-only participants were identified as eligible to participate in Stage Two. From that group, approximately 12,900 beneficiaries volunteered for the demonstration and more than 4,900 of these volunteers were randomly assigned to the control group. Of the remaining volunteers, nearly 3,100 were randomly assigned to participate in the benefit offset only and more than 4,900 were randomly assigned to participate in the benefit offset and receive enhanced work incentives counseling. Random assignment for Stage Two occurred between March 1, 2011, and September 28, 2012.⁴²

⁴¹ For more information on the "cash cliff," see Jody Schimmel, David C. Stapleton, and Jae G. Song, "How Common is 'Parking' among Social Security Disability Insurance Beneficiaries? Evidence from the 1999 Change in the Earnings Level of Substantial Gainful Activity," *Social Security Bulletin*, vol. 71, no. 4 (November 2011) <http://www.ssa.gov/policy/docs/ssb/v71n4/v71n4p77.html>.

⁴² Daniel Gubits et al., *BOND Implementation and Evaluation: Stage 2 Early Assessment Report*, Abt Associates Inc., Deliverable 24a.2, August 6, 2013, p. 6, http://www.ssa.gov/disabilityresearch/documents/BOND_Deliverable%2024a2_3rd_revision_8-6-2013.pdf (hereinafter cited as "Daniel Gubits et al., BOND Implementation and Evaluation: Stage 2 Early Assessment Report").

SSA contractor Abt Associates Inc. plans to provide future reports on the annual progress for Stage Two activities in 2014-2017, as well as two additional implementation reports in 2014 and 2016. A final synthesis report for Stages One and Two is expected in 2017.⁴³

In August 2013, the Social Security Advisory Board (SSAB) released a position paper calling for the early termination of the BOND.⁴⁴ The SSAB cited the implementation problems associated with the Benefit Offset Pilot demonstration and the BOND's low take-up rate as evidence that the BOND will likely fail to increase beneficiary return-to-work rates in a cost effective manner.⁴⁵ Moreover, the SSAB noted that due to administrative changes to the BOND following the implementation of the Benefit Offset Pilot demonstration, the BOND research design "will be unable to discriminate between results due to the offset or program simplification."⁴⁶ Instead, the SSAB recommended discontinuing further spending on the BOND, which the board estimated at approximately \$53.1 million for FY2013-FY2015.

⁴³ Daniel Gubits et al., *BOND Implementation and Evaluation: Stage 2 Early Assessment Report*, p. 2.

⁴⁴ Social Security Advisory Board, *The Case for Terminating the Benefit Offset National Demonstration*, August 2013, pp. 1-4, http://www.ssab.gov/REPORTS/BOND_PrePublication.pdf (hereinafter cited as "SSAB BOND Position Paper 2013").

⁴⁵ *Ibid.* As of April 22, 2013, the percentage of Stage Two treatment subjects using the benefit offset was 4.0%. For more information, see Daniel Gubits et al., *BOND Implementation and Evaluation: Stage 2 Early Assessment Report*, p. 69.

⁴⁶ SSAB BOND Position Paper 2013, p. 3.