

Longitudinal Employment and Work Incentive Statistics for Social Security Disability Insurance (SSDI) Beneficiaries

David Stapleton

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How Many Disability Beneficiaries Exit the Rolls After Finding Work?

Two Answers

- **Congress (The Ticket Act):**

“Despite such historic opportunities and the desire of millions of disability recipients to work and support themselves, fewer than one-half of one percent of [SSDI] and Supplemental Security Income [SSI] beneficiaries leave the disability rolls and return to work.”

—42 USC 1320b-19, Section 2(a)(8)

Two Answers (cont'd.)

- **L. Scott Muller (1992):**

The benefits of 2.8 percent of SSDI entrants in 1980–81 were terminated for work over the next 10 years

Who Is Right?

Both!

They Answer Different Questions

- **Congress: What percentage of all beneficiaries have their benefits terminated for work during a given year?**
 - Cross-sectional statistic
- **Muller: What percentage of all entering beneficiaries eventually have their benefits terminated after they find work?**
 - Longitudinal statistic

Why Is the Longitudinal Statistic Larger?

- **Cross-sectional**

- Excludes those who left the rolls after finding work in previous years
- Is dominated by two large groups that are unlikely to have their benefits terminated for work
 - Those on the rolls for 10+ years
 - Those on the rolls for less than 4 years

- **Longitudinal**

- Follows beneficiaries from program entry through the years when they are most likely to exit for work
 - 5 to 10 years after entry

Which Statistic Should Be Used?

- **The cross-sectional statistic is easier to produce but often doesn't answer the question of interest**
 - How many beneficiaries eventually leave the rolls after finding work?
- **The longitudinal statistic answers this question but is much harder to produce**
 - Must follow program entrants over long periods

Longitudinal Statistics for Annual SSDI “Award Cohorts”

- **SSDI award cohort**
 - All those who received their first SSDI award during a specified year
 - From 1996 cohort to 2005 cohort
- **We followed all cohorts through 2006**
 - 10 years for the 1996 cohort
 - 1 year for the 2005 cohort
- **Presentation focuses on 1996 cohort**

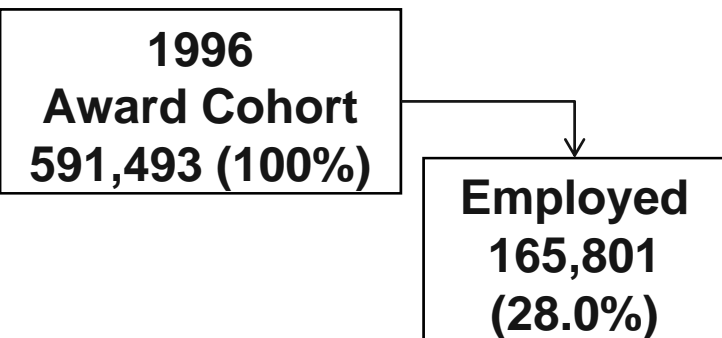
From Award to Termination of Benefits for Work, 1996–2006

1996

Award Cohort

591,493 (100%)

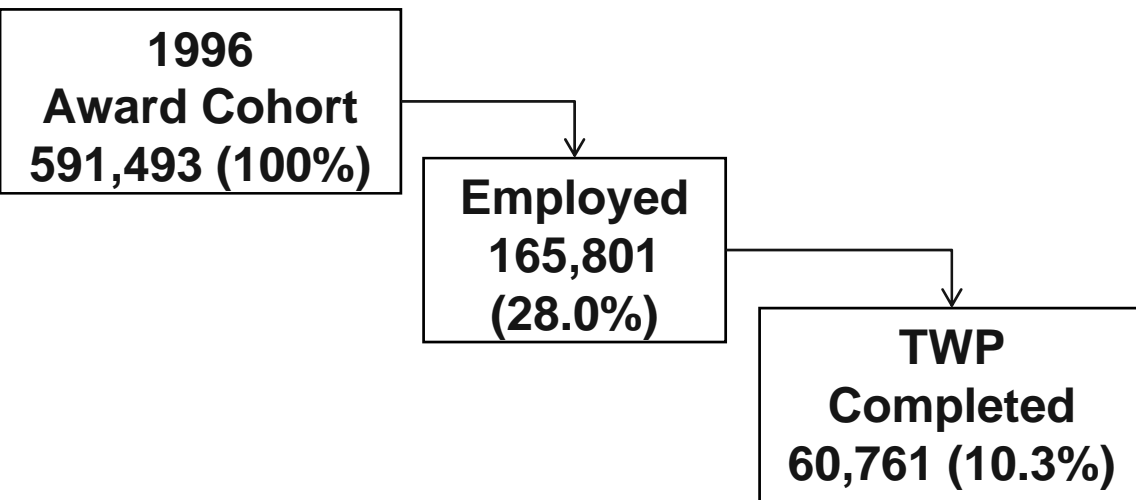
From Award to Termination of Benefits for Work, 1996–2006 (cont'd.)



- **Employment**
 - Earnings of \$1,000+ reported to the IRS



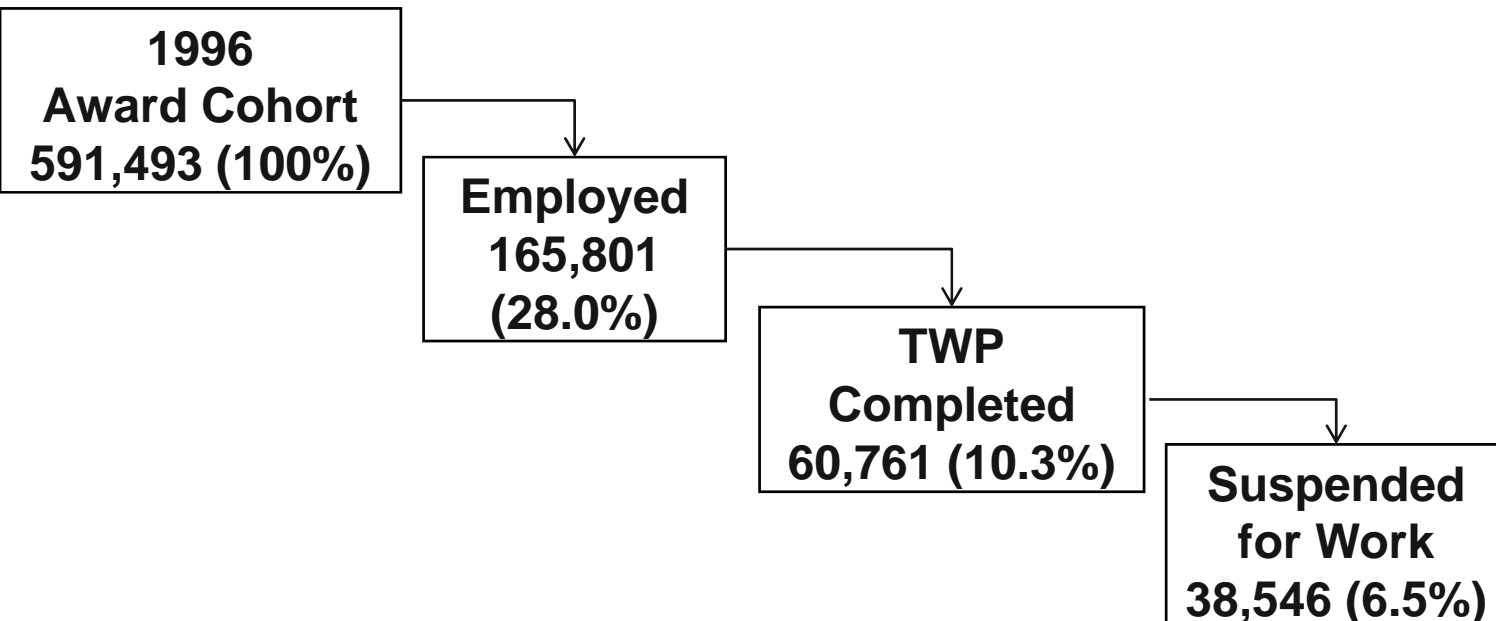
From Award to Termination of Benefits for Work, 1996–2006 (cont'd.)



- **Trial work period (TWP)**
 - Earnings of any amount, without benefit loss, for nine months



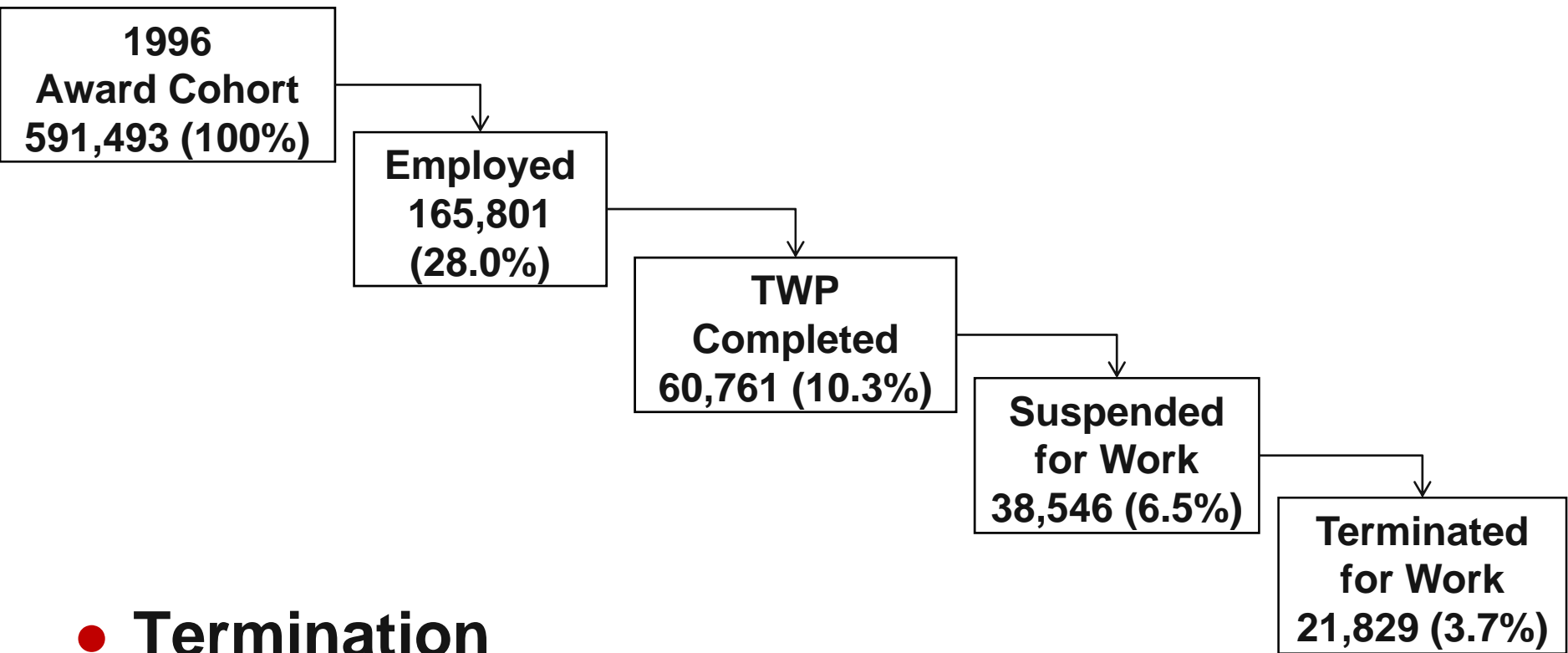
From Award to Termination of Benefits for Work, 1996–2006 (cont'd.)



- **Extended period of eligibility**
 - In first 36 months after TWP, benefits are suspended, but not terminated, if person is engaged in substantial gainful activity (SGA)



From Award to Termination of Benefits for Work, 1996–2006 (cont'd.)

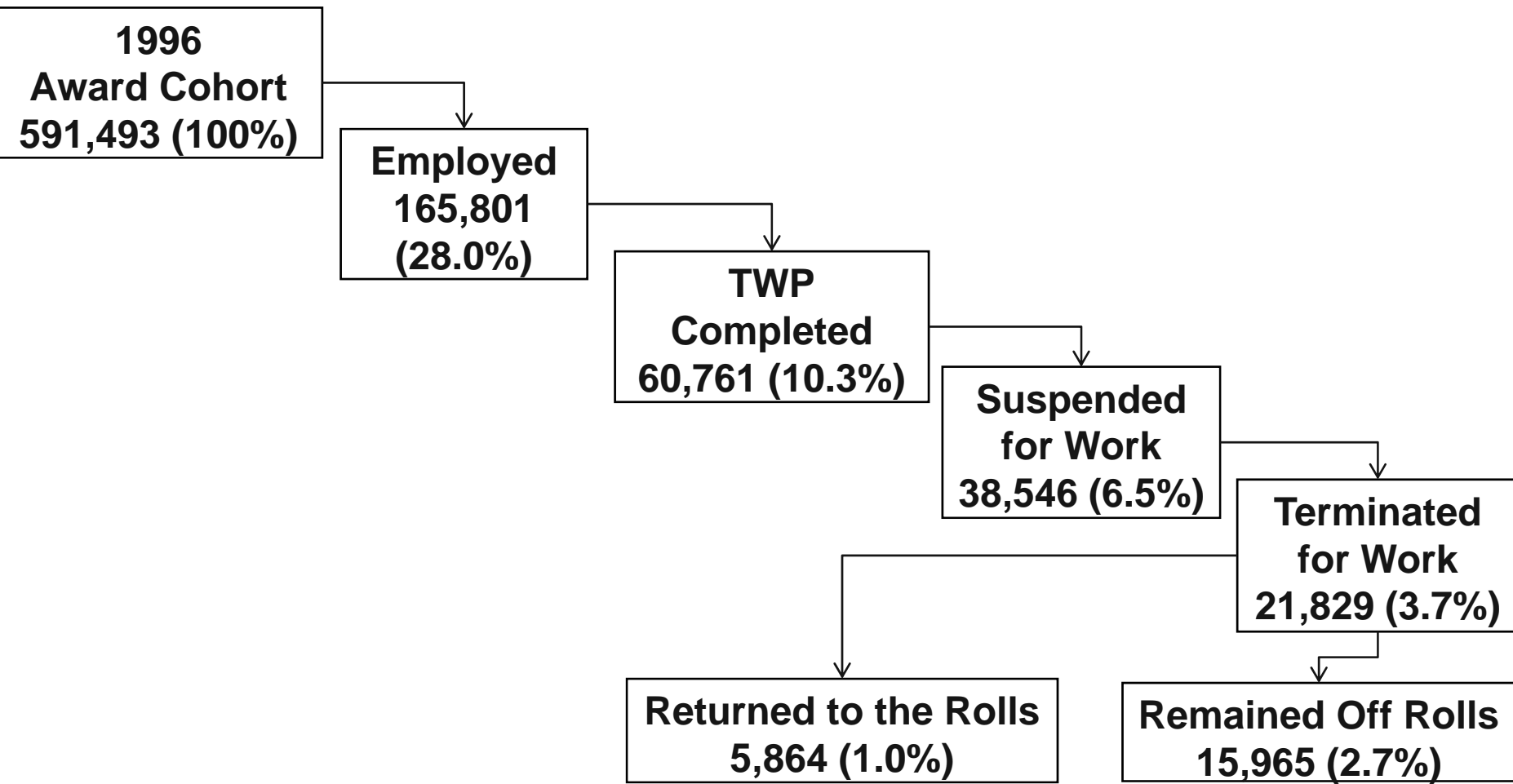


- **Termination**

- Earnings exceed SGA in the 37th month after TWP completion or later



From Award to Termination of Benefits for Work, 1996–2006 (cont'd.)



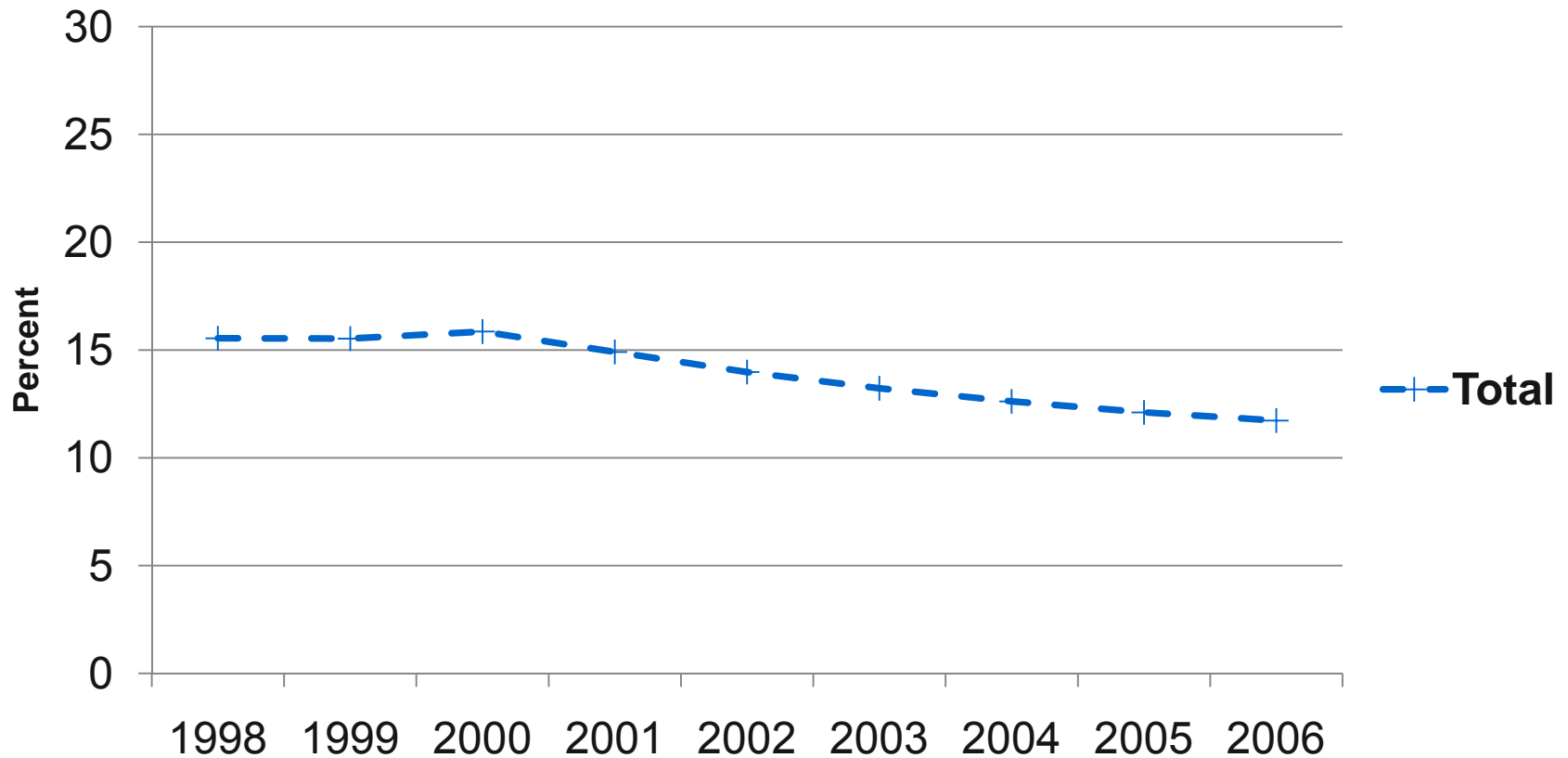
Enrollment in Employment Services

- **We only counted services that SSA might pay for**
 - All years: Beneficiary found eligible for services by state vocational rehabilitation agency (SVRA)
 - From 2002 on: Ticket assigned to any employment network (EN)
- **Service enrollment is substantial**
 - In the 1996 cohort, nearly 40,000 beneficiaries (6.6 percent) enrolled over 10 years

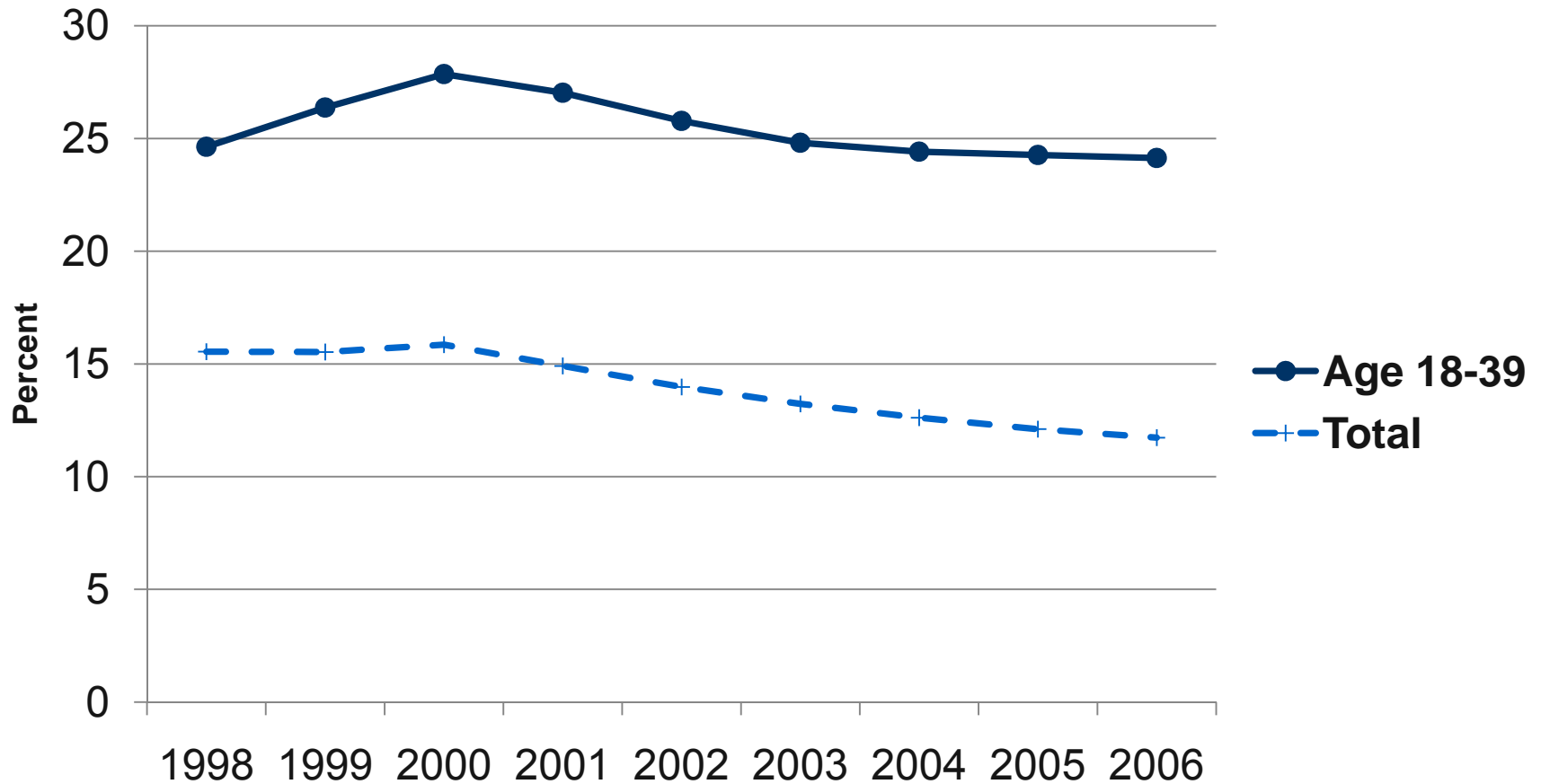
SVRA and EN Service Enrollment

- **Only a minority of those enrolled in services leave the rolls after finding work**
 - 20.5 percent over 10 years for the 1996 cohort
- **Most of those who leave the rolls after finding work do not enroll in services**
 - 80.0 percent over 10 years for the 1996 cohort

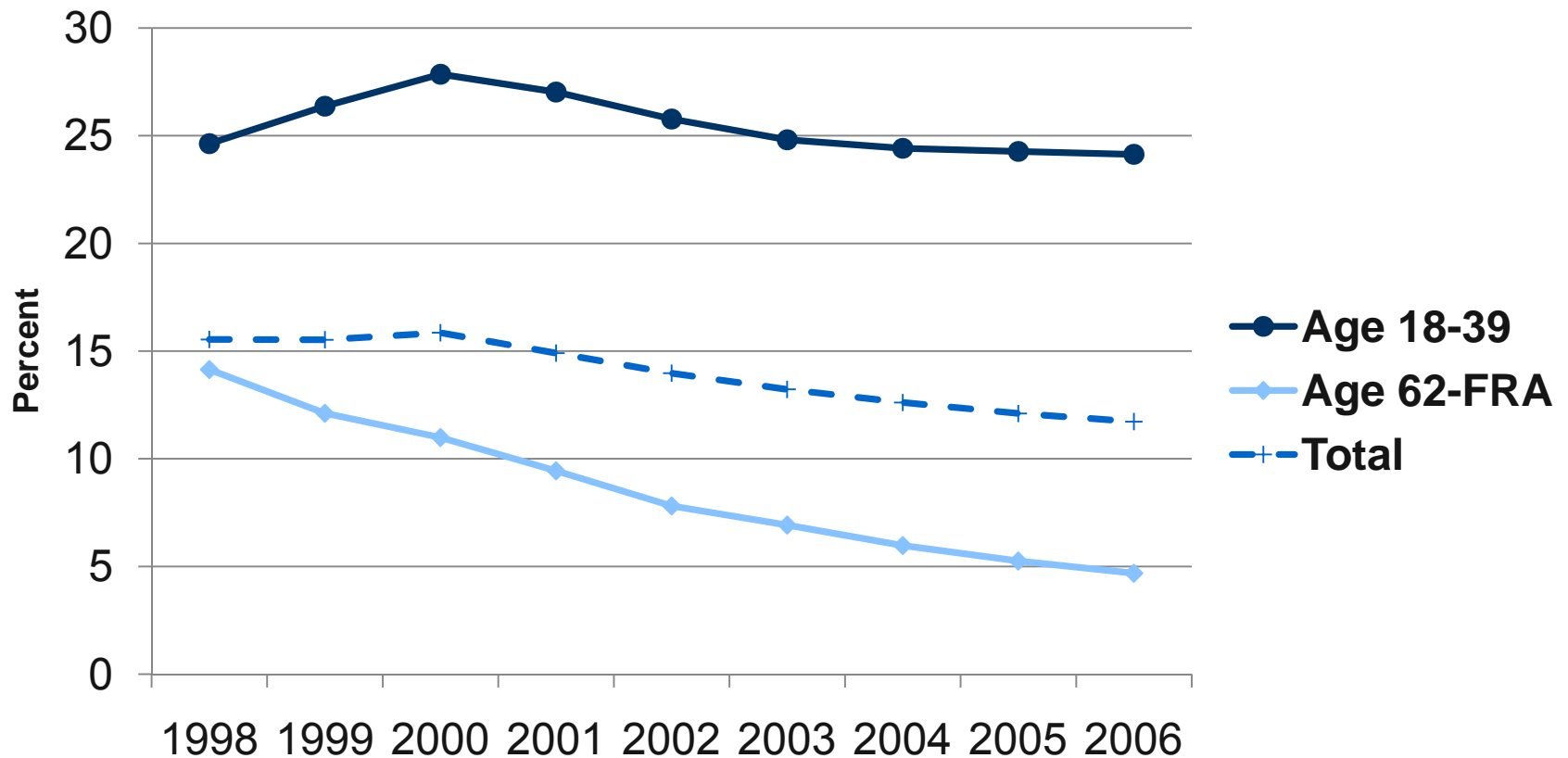
Annual Percentage Employed, 1996 Cohort: 1996–2006



Annual Percentage Employed, 1996 Cohort: 1996–2006 (cont'd.)



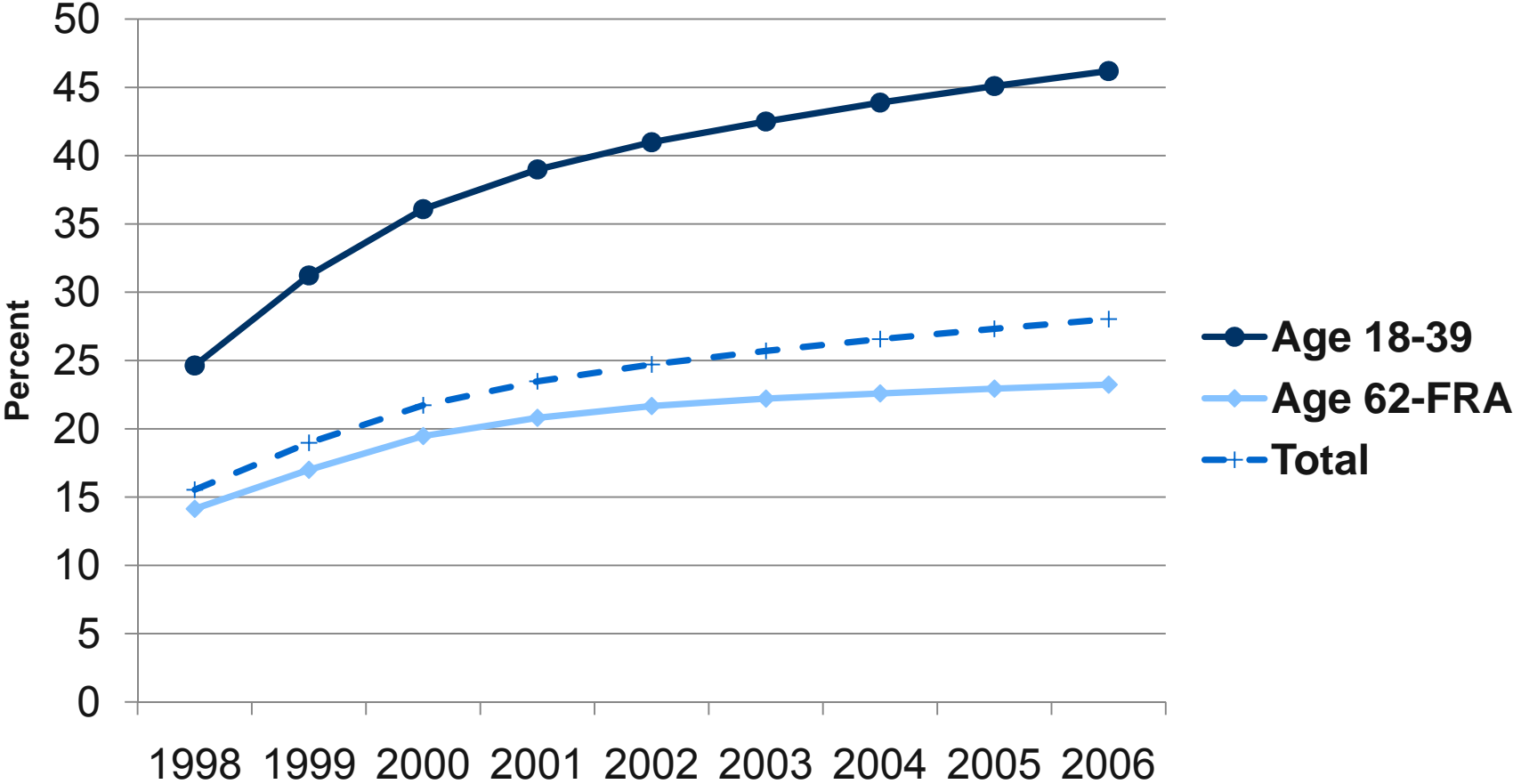
Annual Percentage Employed, 1996 Cohort: 1996–2006 (cont'd.)



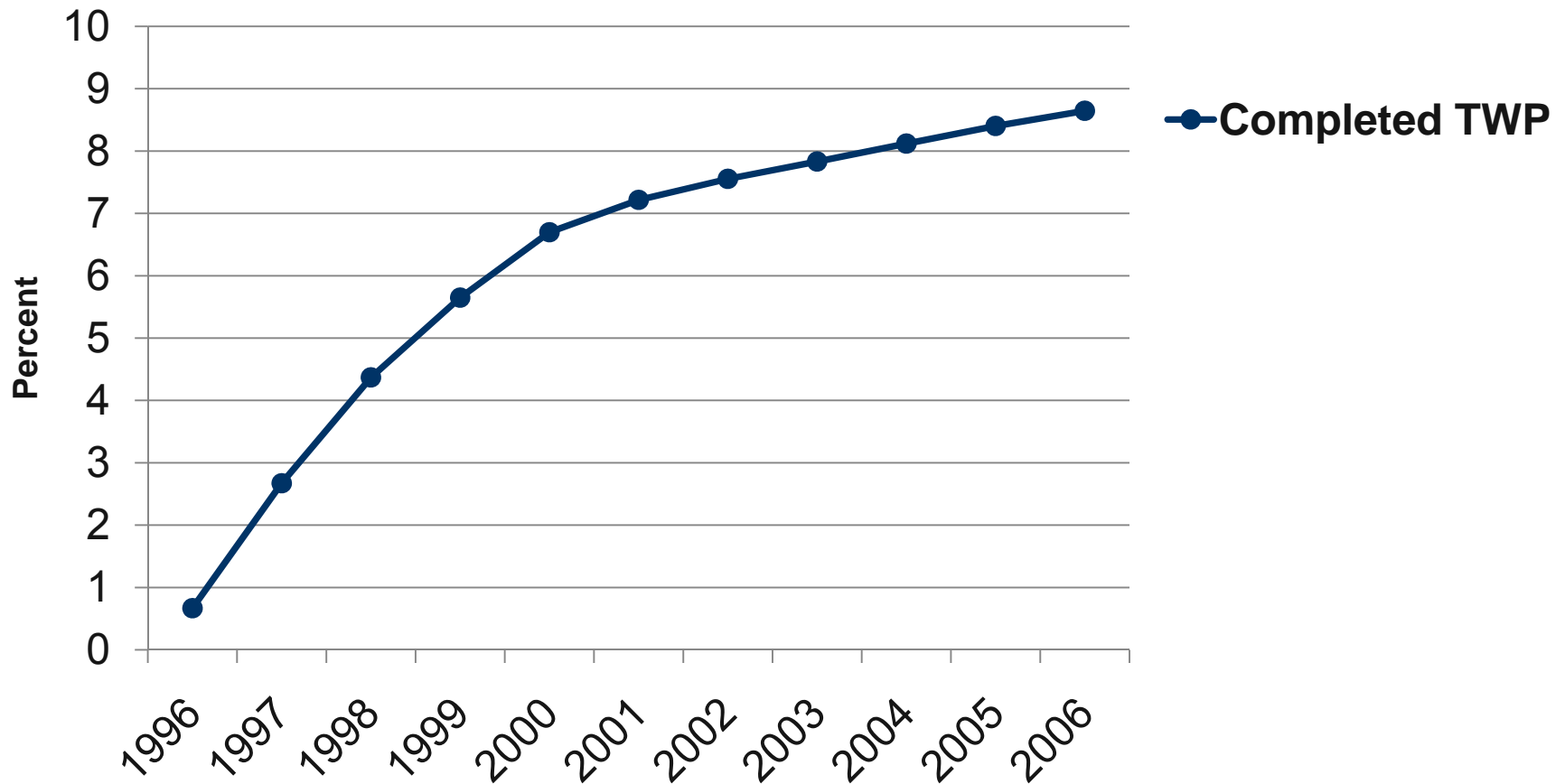
FRA = full retirement age



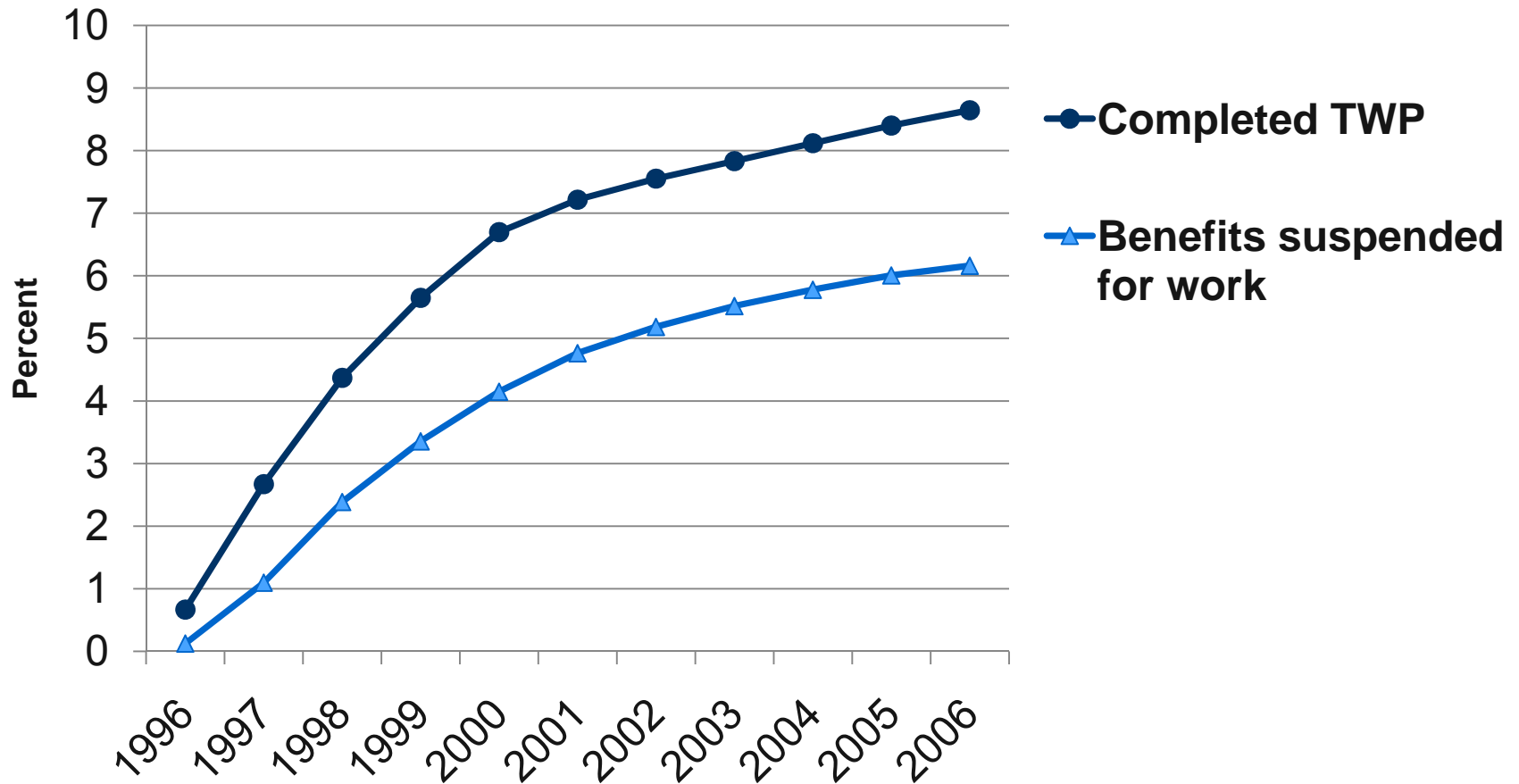
Cumulative Percentage Employed, 1996 Cohort: 1996–2006 (cont'd.)



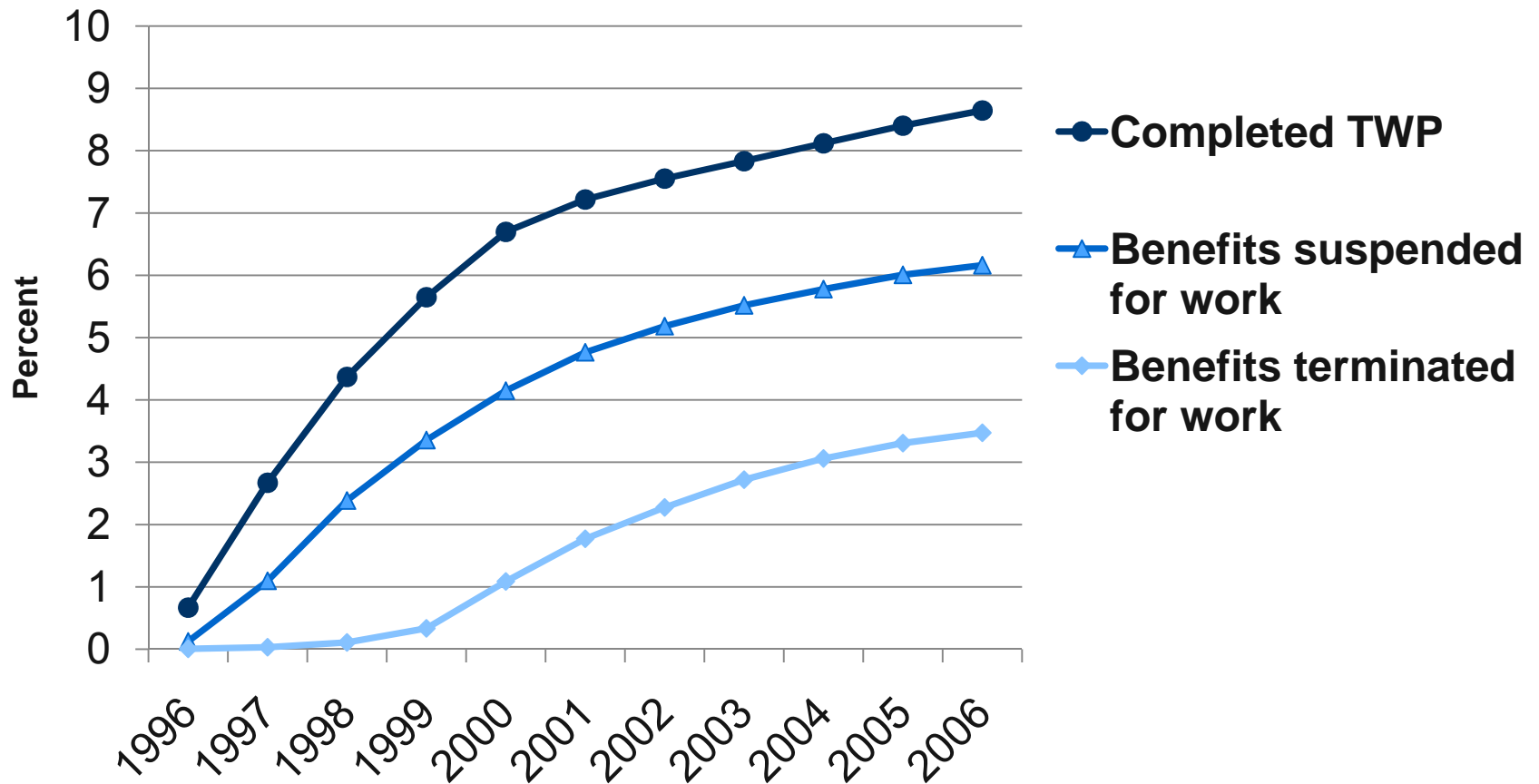
Cumulative TWP Completion, 1996 Cohort: 1996–2006



Cumulative Percentage Suspended for Work, 1996 Cohort: 1996–2006



Cumulative Percentage Terminated for Work, 1996 Cohort: 1996–2006



Length of Time Spent Off the Rolls for Work

- **Over 10 years, the 1996 cohort spent 2.3 percent of all months off the rolls for work**
 - 3.4 percent of the months that they were not off the rolls for other reasons
 - About 3 months
- **Those who spent at least one month off the rolls for work were off for a much longer time**
 - 6.5 percent of the cohort
 - An average of 42 months, or 3.5 years



Variation Is High from State to State

Cumulative 10-Year Statistics for Beneficiaries Leaving the Rolls for Work*

	South Dakota	West Virginia
% employed	41.5	18.7
% completed TWP	16.6	4.6
% enrolled with SVRA or EN	13.2	4.4
% suspended for work	9.0	3.2
% terminated for work	5.7	1.3

*Adjusted for age differences.

Policy Implications and Questions

- **Beneficiaries leave the rolls more often than recognized**
- **The large number who return to work but do not leave the rolls might engage in SGA more often if they had additional assistance or incentives**

Policy Implications and Questions (cont'd.)

- **A return-to-work initiative would likely provide additional support to those who would exit the program anyway**
- **Should return-to-work initiatives target new beneficiaries? Young beneficiaries?**
- **Why is there variation from state to state?**

References

Liu, S., and D. Stapleton. “How Many SSDI Beneficiaries Leave the Rolls for Work? More Than You Might Think.” 2010.

**Stapleton, D., S. Liu, D. Phelps, and S. Prenovitz. “Work Activity and Use of Employment Supports Under the Original Ticket to Work Regulations: Longitudinal Statistics Among New Social Security Disability Insurance Beneficiaries.”
Forthcoming.**

Contact Information

David Stapleton
Center for Studying Disability Policy
Mathematica Policy Research
600 Maryland Ave., SW, Suite 550
Washington, DC 20024
(202) 484-4224

dstapleton@mathematica-mpr.com

www.DisabilityPolicyResearch.org