Welcome

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Early Findings from the Benefit Offset National Demonstration (BOND)

Presenters: Howard Rolston, Abt Associates; David Stapleton, Mathematica Policy Research; and Stephen Bell, Abt Associates

Discussant: Susan Wilschke, Social Security Administration (SSA)

Washington, DC
February 26, 2015
Welcome

Moderator
Bonnie O’Day
Mathematica Policy Research
The Center for Studying Disability Policy (CSDP) was established by Mathematica in 2007 to provide the nation’s leaders with the data they need to develop disability policy and programs that meet the needs of all Americans with disabilities.
Today’s Speakers

Howard Rolston
Abt Associates

David Stapleton
Mathematica

Stephen Bell
Abt Associates

Susan Wilschke
Social Security Administration
Benefit Offset National Demonstration

CSDP Policy Forum: Economic Incentives of the $1 for $2 Offset

Presented by Howard Rolston

February 26, 2015
Outline: Economic Incentives of the Offset

• Briefly provide background

• Describe economic incentives related to work behavior of current law Social Security Disability Insurance (SSDI) vs. BOND
Henry David Thoreau: “Simplify, Simplify, Simplify”

- Presentation of essential ideas
- But much simplification of detail
  - SSDI/Supplemental Security Income (SSI) rules
  - BOND rules
  - Interactions with taxes
  - Interactions with other programs
  - Individuals can choose how much they work
• Some SSDI beneficiaries can return to substantial work in the absence of medical recovery
• Current program rules discourage beneficiaries from earning more than Substantial Gainful Activity (SGA)
• Interest in letting beneficiaries earn more and keep part of their benefits dates back to 1980 at least
  » Earned income exclusion for SSI
• Congress authorized BOND in the 1999 Ticket to Work and Work Incentives Improvement Act
• Interest heightened by projected depletion of the SSDI Trust Fund in 2016
# BOND vs. Current Law: Earnings, Benefits, Total Income

<table>
<thead>
<tr>
<th>Earnings</th>
<th>Current Law Cliff</th>
<th></th>
<th>BOND Ramp</th>
<th>Difference</th>
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<tr>
<td></td>
<td>Benefit</td>
<td>Total Income</td>
<td>Benefit</td>
<td>Total Income</td>
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<tr>
<td>$0</td>
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<td>$1,090 (2015 SGA)</td>
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<td>$2,290</td>
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<td>$1,100</td>
<td>$1,195</td>
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<td>$600</td>
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</table>
Central BOND Questions

• **Effect of the $1 for $2 benefit offset on average:**
  » Earnings?
  » SSDI benefits?

• **Others—for example:**
  » Effects of adding enhanced work incentives counseling?
  » Different effects by subgroup?
  » Effects on other outcomes such as income, health, and job characteristics?
Earnings and Benefits: What Theory Predicts and What It Leaves Open

• Impact of offset derives from the likely behavior of three groups
  » (1) Under current law, would work very little or not at all
    – Earnings: no change
    – Benefits: no change
  » (2) Under current law, would earn near but under SGA
    – Earnings: increase from below SGA to above SGA
    – Benefit savings: full to partial benefits
  » (3) Under current law, would earn above SGA
    – Earnings: earn less, but above SGA
    – Benefit costs: zero to partial benefits

• The likely behavior of the last group is not as immediately obvious as the first two, but its existence is inherent in efforts to lower the benefit-reduction rates in earnings-tested programs
If earning above SGA, all work incentives are negative

- Under current law, receive zero benefits, so keep all of the next dollar earned; in BOND, keep only 50 cents due to loss of benefits
- Conversely, if earning a dollar less, lose only 50 cents
- In BOND, can achieve the same income level with less work

This group exists: of those who entered SSDI in 1996, over the next 10 years, 3.7% had benefits terminated due to work and 6.5% suspended at some point (Stapleton et al. 2010)

Theory implies the existence of the three groups but not their size and average earnings; requires empirical study of what happens under the two policies to determine composition
What if No Work Behavior Change

- So far presented what theory predicts about likely behavior changes under offset
- What if no beneficiary changes work behavior at all?
- The offset would result in a net cost from those who go from zero to a partial benefit
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Benefit Offset National Demonstration

CSDP Policy Forum: Early Findings from Stage 1

Presented by David Stapleton

February 26, 2015
Outline: Early Findings from Stage 1

- Stage 1 implementation
- Statistics on offset use
- Initial impacts on earnings and benefits
- Lessons
Synopsis of Stage 1 Design

• **Purpose:** determine the impacts of offering the benefit offset to all SSDI beneficiaries

• **Approach:**
  » Select a nationally representative sample of beneficiaries
  » Randomly divide them into treatment and control groups
  » Inform the treatment group members that offset rules will be applied to their earnings
  » Offer counseling comparable to what is offered under current law
  » Compare the outcomes of the treatment and control groups using administrative and survey data
Stage 1 Random Assignment

SSDI beneficiaries meeting BOND eligibility criteria: 6,526,888

- Residing in 10 randomly selected SSA areas
- About 20% of eligible beneficiaries

May 2, 2011: Random assignment to 1 of 3 groups

- T1: Benefit offset 77,115
- Stage 2 Solicitation pool
- C1: Current law 891,598

- Sample size large due to low expected offset use
- Statistically equivalent treatment and control groups
States included in part or in whole in the BOND sample
Outreach and Initial Response

• May 12, 2011 through October 31, 2011
  » Letters mailed to treatment subjects

• As expected, a few T1 subjects were immediately eligible for a benefit adjustment
  » 561 (0.7%) in May 2011
  » Large majority had not worked since SSDI entry
  » Nine-month trial work period (TWP) and three-month grace period must be completed before offset eligibility
  » Increasing earnings takes time
Percentage of Eligible Treatment Beneficiaries Has Doubled

Note: Based on adjustments made through May 2014.
Reasons for Growth

• Beneficiary completion of work leading to offset

• Follow-up outreach
  » 2012: targeted beneficiaries with earnings in 2011
  » 2013: targeted all beneficiaries who had not been in direct contact with the demonstration
  » Number of beneficiaries in direct contact with the demonstration increased from about 5,000 at the beginning of 2012 to about 22,000 through April 2014
Percentage of Eligible Treatment Beneficiaries Has Doubled

Note: Based on adjustments made through May 2014.
Adjustments Are Often Retroactive

Note: Based on adjustments made through May 2014.
Reasons for Retroactive Adjustments

- Gradual clearance of pre-existing backlog of continuing disability reviews (CDRs) of work activity to determine TWP status
- “Back-door” offset entry (reconciliation)
- Early problems with the adjustment process
Initial Impacts

• 2011 and 2012
• Earnings and benefits paid
• Future impacts may change
  » Evaluation will estimate impacts through 2017
Mean Annual Earnings in 2011 and 2012

- No significant short-term impact on mean earnings
Mean *Monthly* Benefits Paid in 2011 and 2012

- Statistically significant increase in benefits paid *in* 2011 and 2012
- Impacts on benefits paid *for* 2011 and 2012 may differ
- Positive impacts on earnings are a precondition for negative impacts on benefits
Lessons from Stage 1 to Date

• Notifying beneficiaries and gaining their trust is essential
  » This is especially challenging in an experimental setting
  » Public outreach in a national rollout would be important

• TWP and work CDR backlogs are a problem

• The offset being tested may increase, rather than reduce, benefits
  » Under current law, some beneficiaries give up their benefits for work, at least temporarily
  » A reduction in benefits requires a positive impact on earnings
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Benefit Offset National Demonstration

CSDP Policy Forum: Early Findings from Stage 2

Presented by Stephen Bell

February 26, 2015
BOND: Early Findings from Stage 2

• Synopsis of Stage 2 design
• Implementation challenges and successes
• Characteristics of volunteers
• BOND engagement—counseling, offset use
• Impacts on earnings and benefits in 2012
Synopsis of Stage 2 Design

• **Purpose**: measure the impact of offset and intensified counseling on beneficiaries’ earnings and SSDI receipt where the potential for impact is greatest

• **Specialized population**
  » SSDI-only beneficiaries (no concurrents)
  » Volunteers interested in using the offset (5.4%)

• **Representative of volunteers nationally**
  » 10 sites
  » 12,744 individuals

• **Split three ways at random**
Random Assignment of Volunteers

Random Assignment of Volunteers

- Stage 2 Volunteers
- Stage 2 RA

- T21
- C2

- Control Group

- $1 for $2 Offset
- $1 for $2 Offset with Enhanced Work Incentives Counseling

(4,853) (4,850) (3,041)
Implementation Challenges and Successes

• Create recruitment and service delivery infrastructure outside SSA field offices
  » Short time / large scale / geographically dispersed sites
  » Successfully accomplished

• “Learning curve” in some areas
  » Initial deficits in staff training and knowledge
  » Some time and site unevenness in recruitment/enrollment
  » Lags conducting work CDRs and applying offset

• Demonstration team/SSA staff responses to issues produced a reliable test of Stage 2 policies
Volunteers Have Distinctive Characteristics

- Shorter time on SSDI: 53 months (vs. 72 months for entire pool of SSDI-only beneficiaries)
- More female: 51% (vs. 47% of pool)
- Younger: age 47.6 (vs. 49.1 for pool)
- Different mix of primary impairments
  - More mental disorders: 31% (vs. 27%)
  - Fewer back/musculoskeletal disorders: 26% (vs. 28%)
- Similar monthly benefit: $1,091 (vs. $1,119)
Other Characteristics of Volunteers

- **Majority participate in the labor market**
  - 25% are working (average of 20 hours/week)
  - 30% are looking for work; 8% are in school

- **Most have limited work ability and health**
  - 90% report physical or mental condition that limits work
  - 45% in “fair” health; 19% in “poor” health
  - 31% spent overnight in a hospital in last 12 months

- **T21 vs. T22 vs. C2 samples are statistically equivalent on all measures**
## Enhanced Work Incentives Counseling (EWIC) vs. Basic WIC

<table>
<thead>
<tr>
<th>Counseling activity</th>
<th>WIC provider services</th>
<th>EWIC provider services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outreach and engagement</td>
<td>No proactive outreach</td>
<td>Contact beneficiaries at least once a month</td>
</tr>
<tr>
<td>Barriers/needs/skills assessment</td>
<td>Focus on benefits and work incentives</td>
<td>Administer assessments/use online tools to match skills to occupational requirements</td>
</tr>
<tr>
<td>Employment services plan</td>
<td>Complete work incentive plan outlining steps toward goals</td>
<td>Help develop vocational goals and plan that tailors services to overcome barriers</td>
</tr>
<tr>
<td>Service coordination and referral</td>
<td>Provide referrals for employment services, but no follow-up</td>
<td>Provide referrals for employment services/follow-up with providers and beneficiaries</td>
</tr>
<tr>
<td>Job retention assistance</td>
<td>No follow-along support after job placement</td>
<td>Support beneficiary and employer in achieving success following job placement</td>
</tr>
</tbody>
</table>
Receipt of WIC and EWIC Services (January 2014)
Offset Entry Often Retroactive, but More Common in Stage 2 (than Stage 1)

Sources: Monthly extracts from SSA’s MBR.
Mean Annual Earnings in 2012

- **Offset + WIC**: $3,929
- **Offset + EWIC**: $3,951
- **Current Law**: $3,650

Significantly larger with offset (+WIC or +EWIC) than under current law
Mean Monthly Benefits Paid in 2012

- Offset + WIC: $1,051
- Offset + EWIC: $1,055
- Current Law: $1,047

- Significantly larger with offset + WIC than under current law
Lessons from Stage 2 to Date

• Outreach and service delivery can be accomplished on a large scale

• The most interested beneficiaries have considerable labor force involvement at the outset

• Offset use is low (7%) and slow to occur, even among interested volunteers

• Offset increases earnings by $300 the first year
  » With standard work incentives counseling
  » With enhanced work incentives counseling
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See You in May!

Join us on May 12, 2015, for the next CSDP Disability Policy Forum

Learn about services provided under the Youth Transition Demonstration (YTD) and the three-year impacts of these services on youth with disabilities. Also learn about findings from a secondary analysis of YTD data on the effects of early work experiences on later success in the labor market.