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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

MATHEMATICA
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STUDYING DISABILITY POLICY

Welcome



Moderator

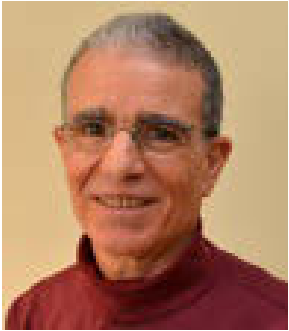
Bonnie O'Day

Mathematica Policy Research

About CSDP

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
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Susan Wilschke
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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



Background

- 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

	Current Law Cliff		BOND Ramp		Difference
	Benefit	Total Income	Benefit	Total Income	Amount
Earnings					
\$0	\$1,200	\$1,200	\$1,200	\$1,200	\$0
\$1,090 (2015 SGA)	\$1,200	\$2,290	\$1,200	\$2,290	\$0
\$1,100	\$0	\$1,100	\$1,195	\$2,295	\$1,195
\$2,290	\$0	\$2,290	\$600	\$2,890	\$600
\$3,490 (break even)	\$0	\$3,490	\$0	\$3,490	\$0

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**

What Theory Predicts and What It Leaves Open (cont'd.)

- **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

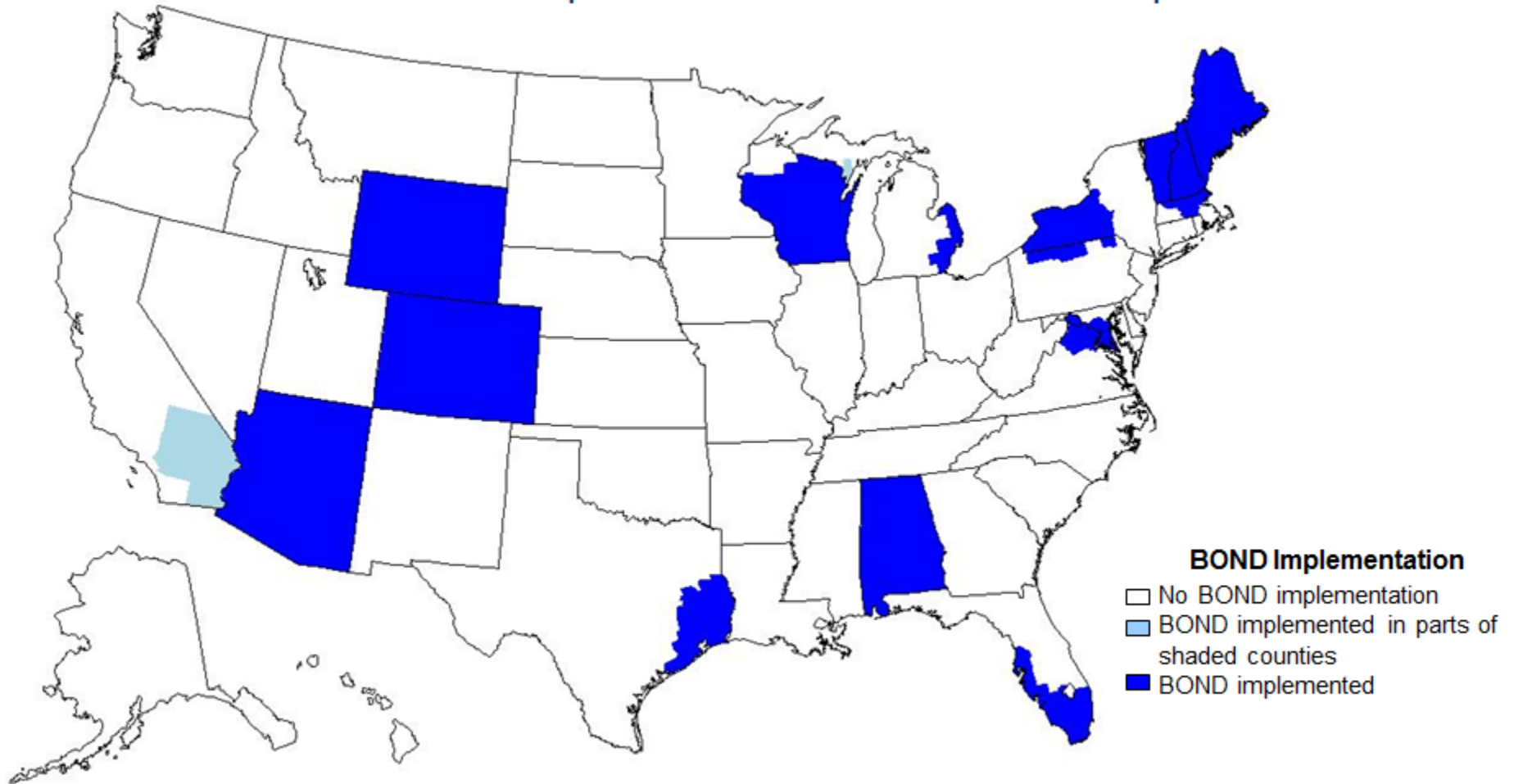
Stage 2
Solicitation pool

C1: Current law
891,598

- Sample size large due to low expected offset use
- Statistically equivalent treatment and control groups

BOND Sites

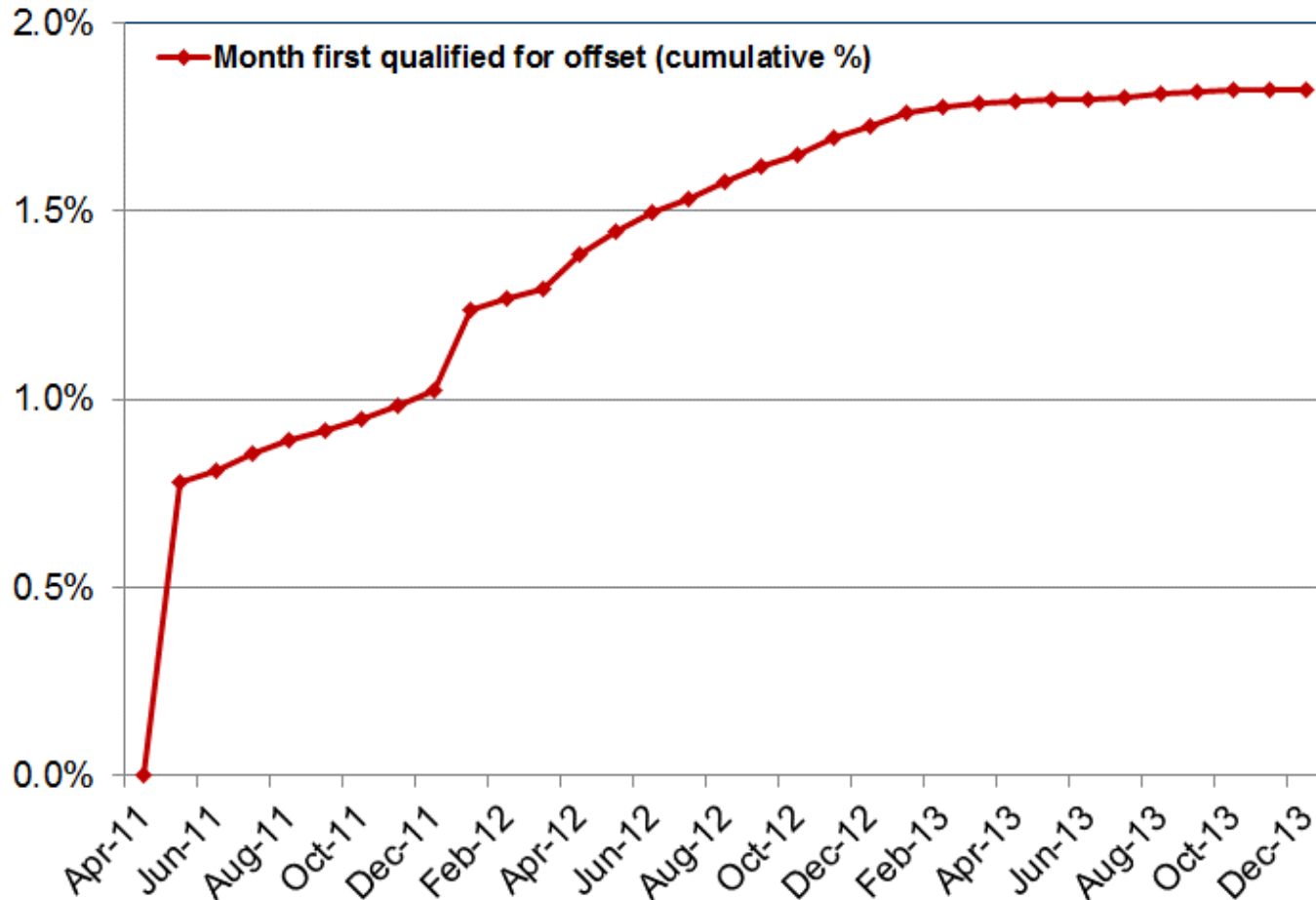
States included in part or in whole in the BOND sample



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

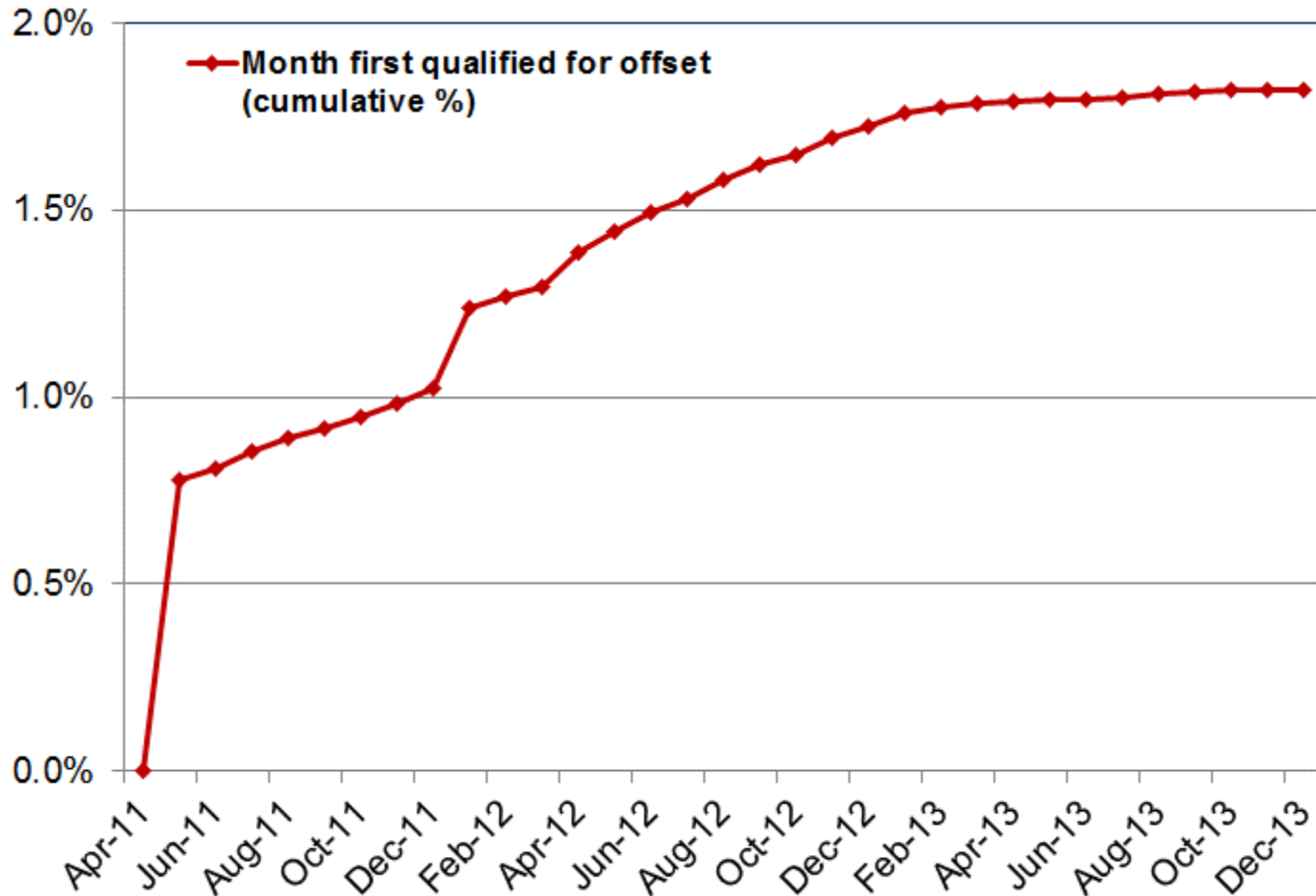


Note: Based on adjustments made through May 2014.

Reasons for Growth

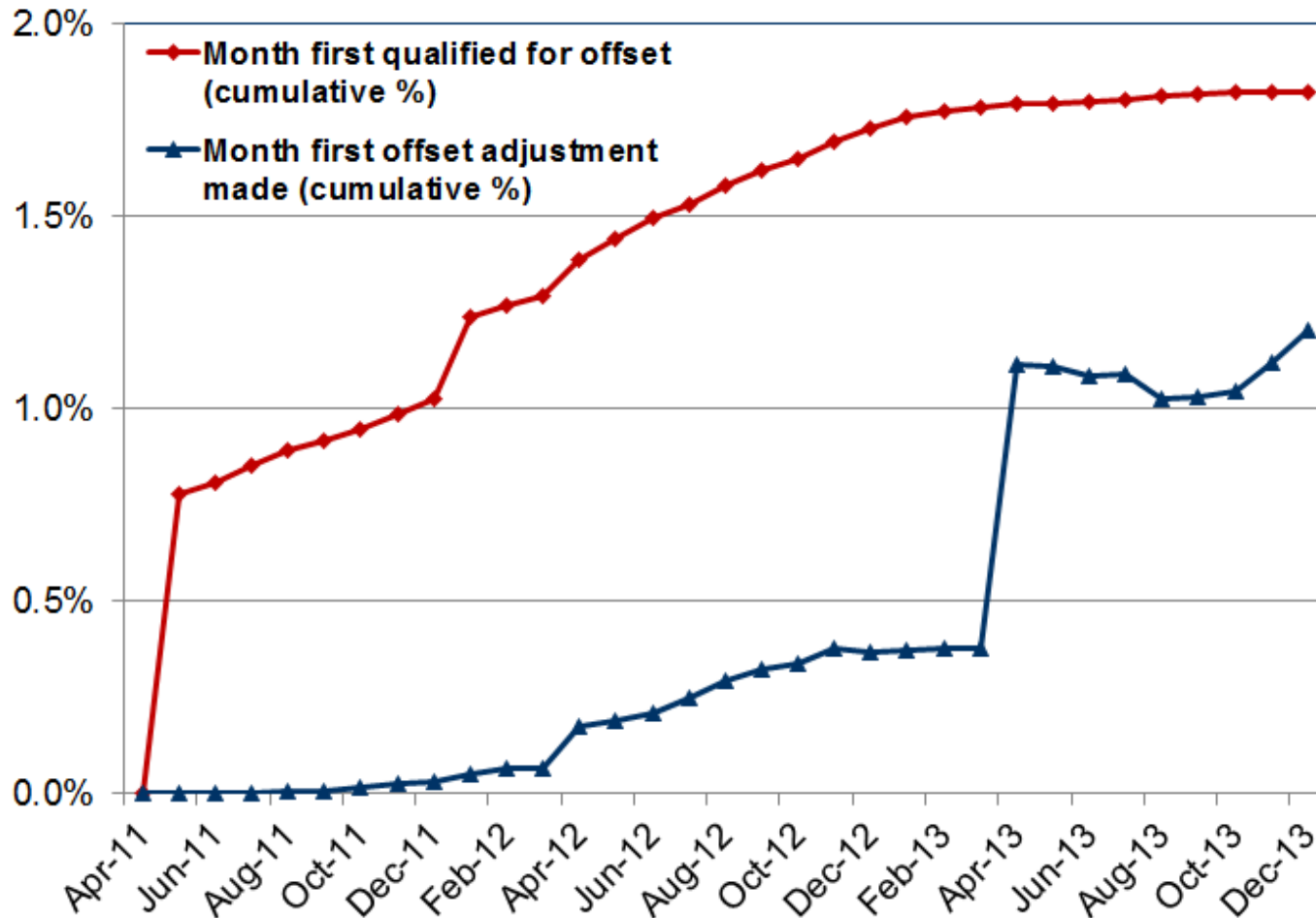
- **Beneficiary completion of work leading to offset**
- **Follow-up outreach**
 - » 2012: targeted beneficiaries with earnings in 2011
 - » 2013: targeted all beneficiaries who had not been in direct contact with the demonstration
 - » Number of beneficiaries in direct contact with the demonstration 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

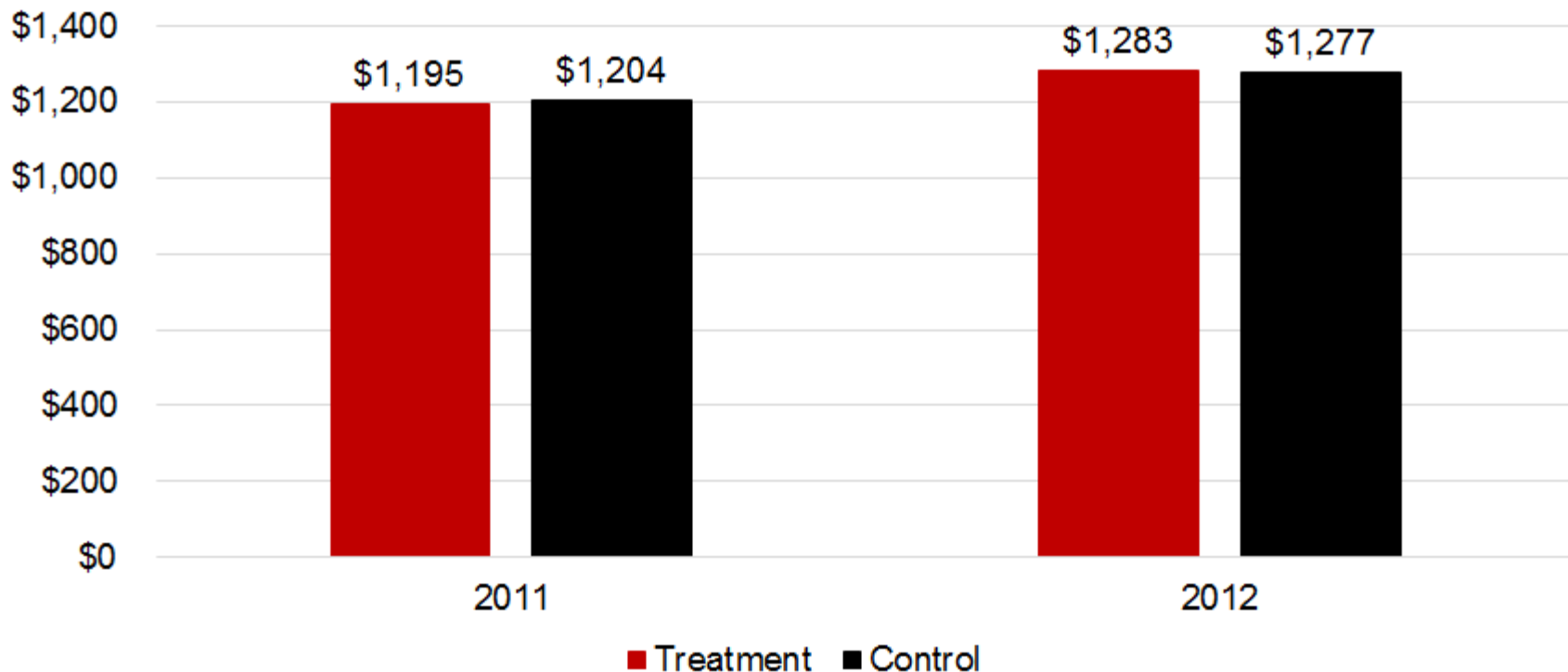
- Gradual clearance of pre-existing backlog of continuing disability reviews (CDRs) of work activity to determine TWP status
- “Back-door” offset entry (reconciliation)
- Early problems with the adjustment process

Initial Impacts

- 2011 and 2012
- Earnings and benefits paid
- Future impacts may change
 - » Evaluation will estimate impacts through 2017

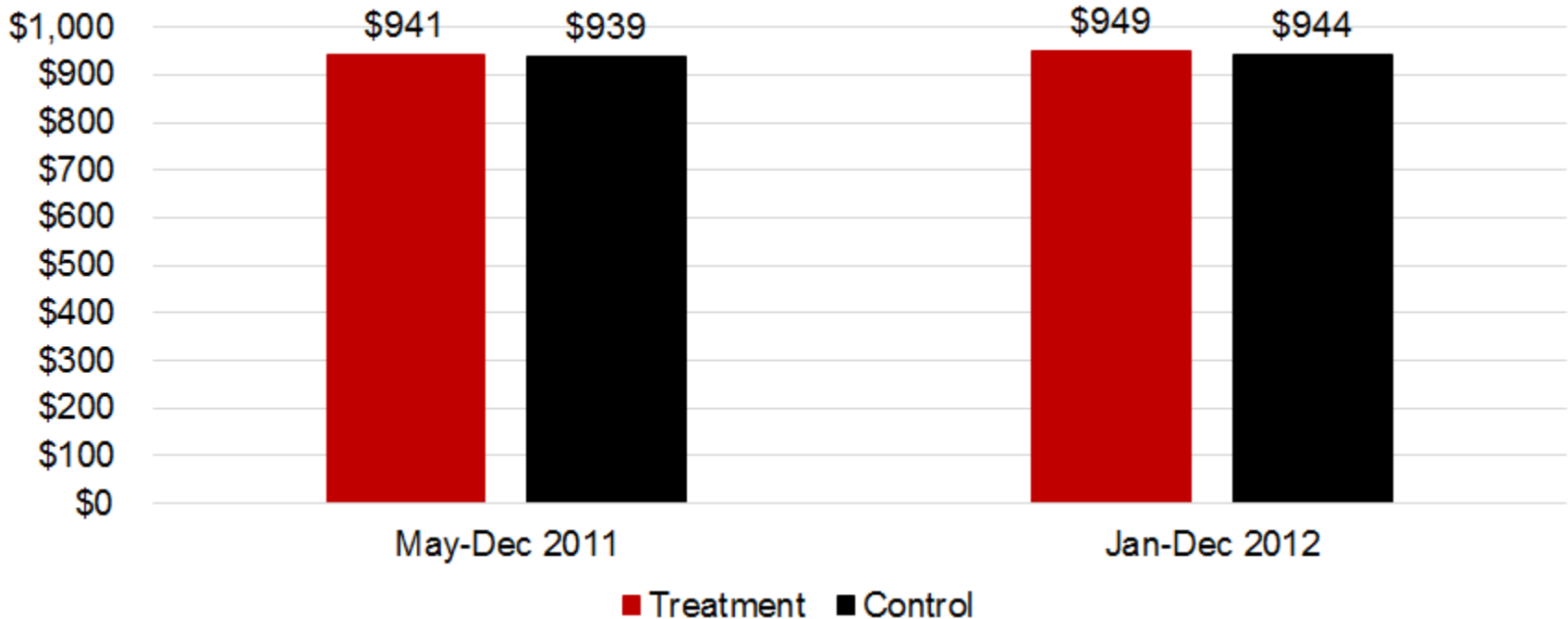


Mean *Annual* Earnings in 2011 and 2012



- 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



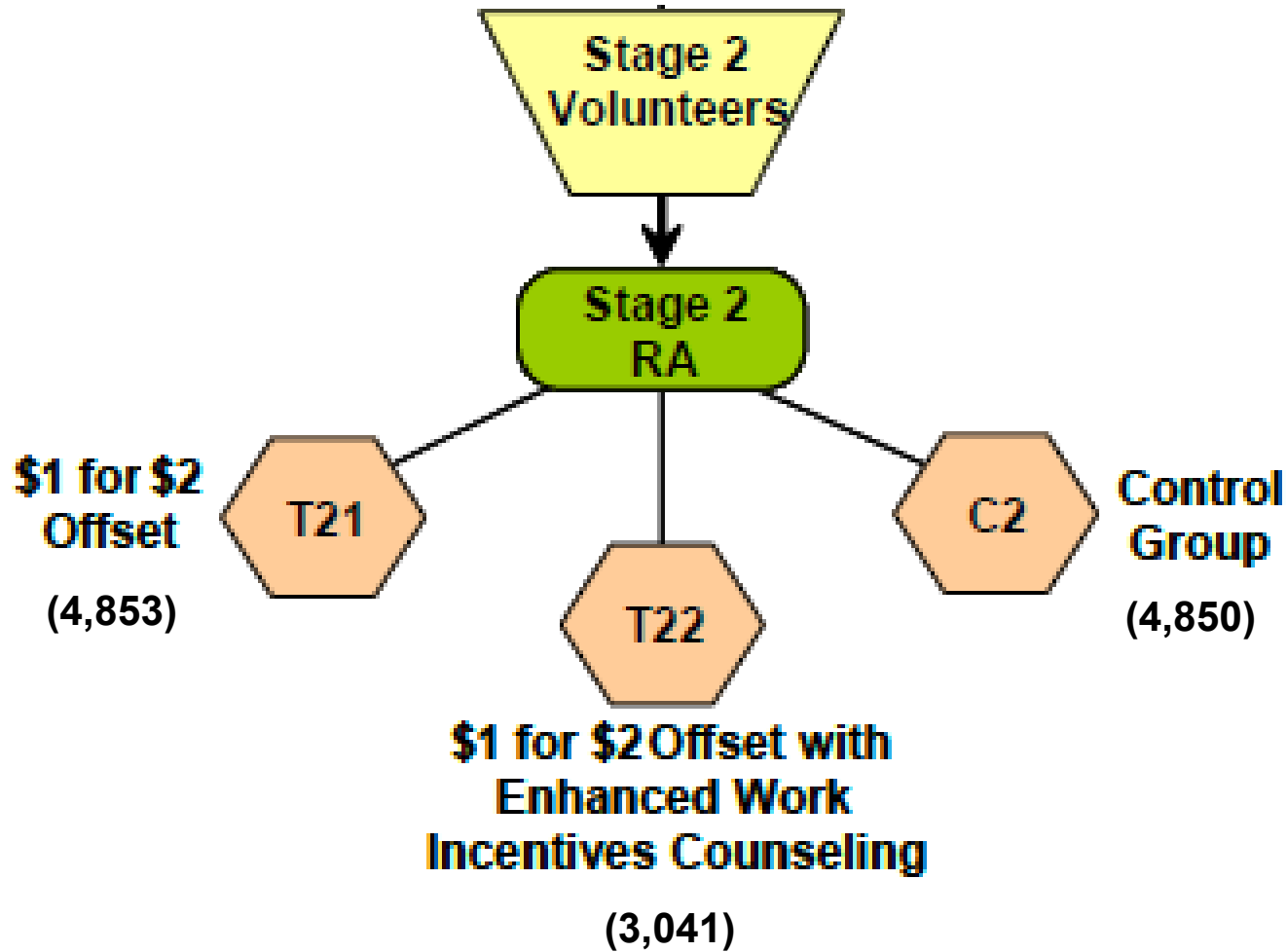
BOND: Early Findings from Stage 2

- 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



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)**



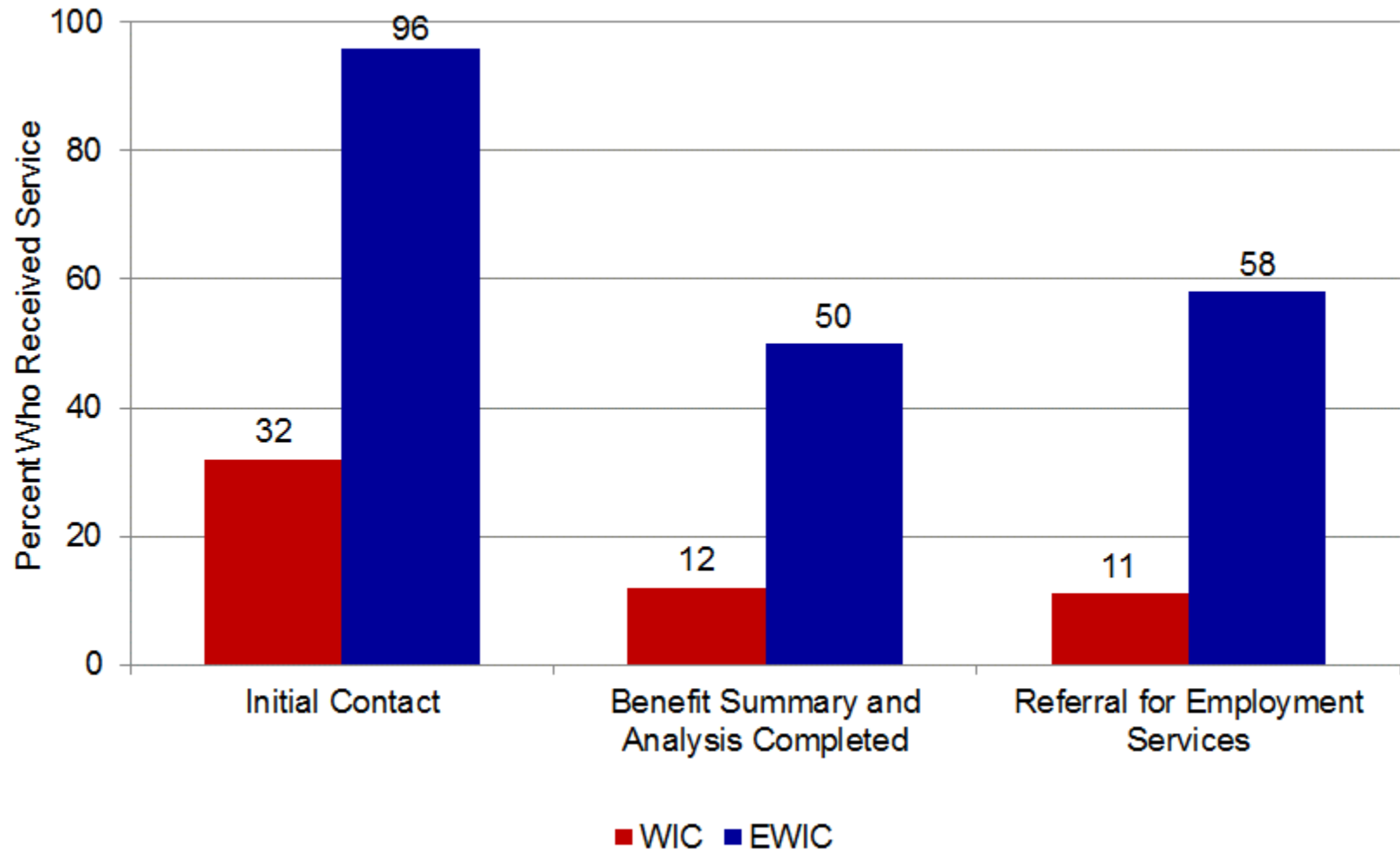
Other Characteristics of Volunteers

- **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**

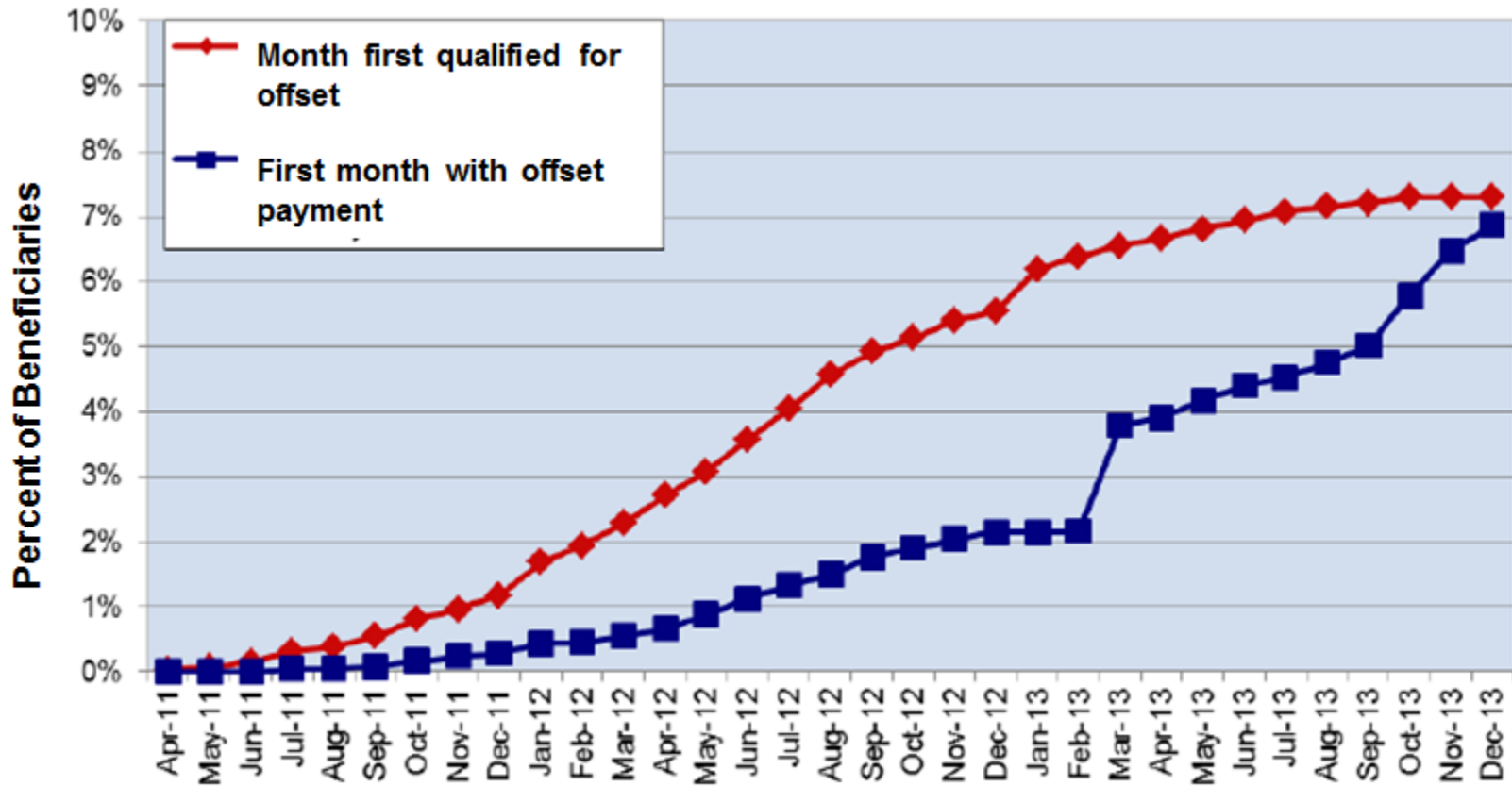
Enhanced Work Incentives Counseling (EWIC) vs. Basic WIC

Counseling activity	WIC provider services	EWIC provider services
Outreach and engagement	No proactive outreach	Contact beneficiaries at least once a month
Barriers/needs/ skills assessment	Focus on benefits and work incentives	Administer assessments/use online tools to match skills to occupational requirements
Employment services plan	Complete work incentive plan outlining steps toward goals	Help develop vocational goals and plan that tailors services to overcome barriers
Service coordination and referral	Provide referrals for employment services, but no follow-up	Provide referrals for employment services/follow-up with providers and beneficiaries
Job retention assistance	No follow-along support after job placement	Support beneficiary and employer in achieving success following job placement

Receipt of WIC and EWIC Services (January 2014)

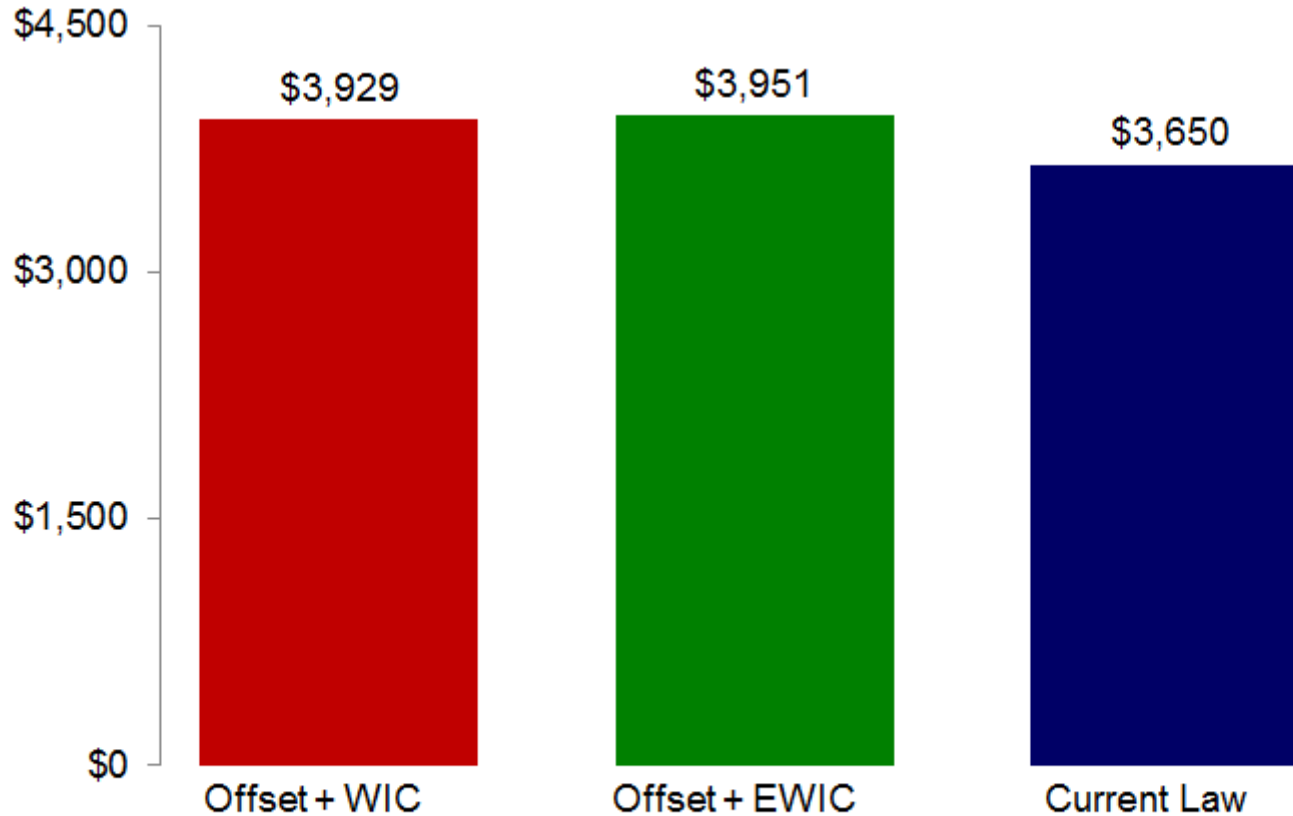


Offset Entry Often Retroactive, but More Common in Stage 2 (than Stage 1)



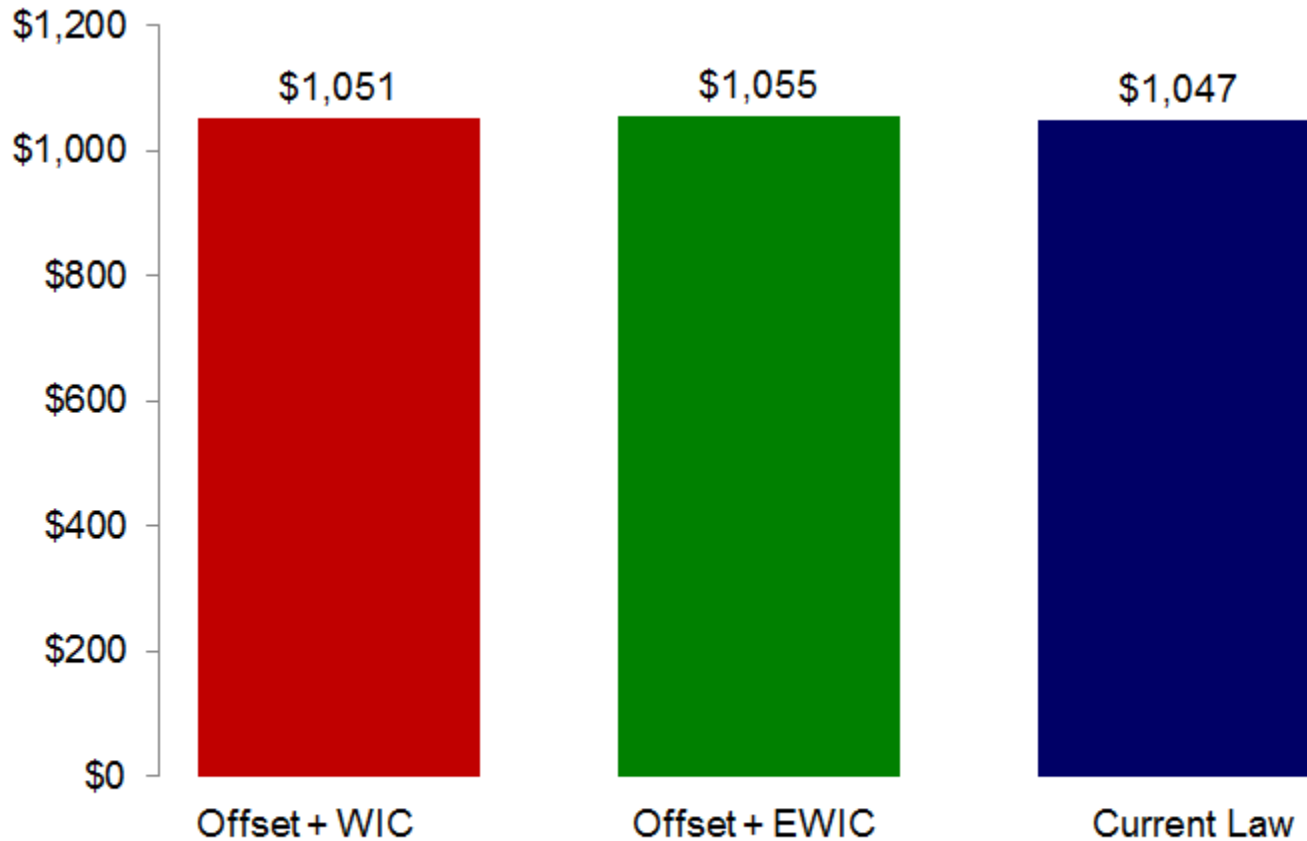
Sources: Monthly extracts from SSA's MBR.

Mean *Annual* Earnings in 2012



● ● Significantly larger with offset (+WIC or +EWIC) than under current law

Mean *Monthly* Benefits Paid in 2012



● 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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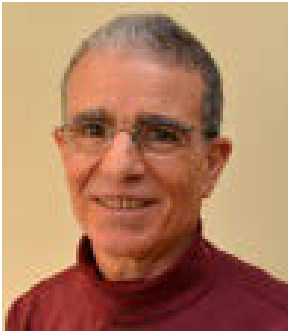
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Audience Q&A



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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.