



**UNITED STATES SENATE.  
COMMITTEE ON FINANCE**

**JUNE 18, 2024  
STATEMENT FOR THE RECORD**

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Chairman Wyden, Ranking Member Crapo, and Members of the Committee:

Thank you for inviting me to discuss working while receiving disability benefits. I am Susan Wilschke, Associate Commissioner of the Office of Research, Demonstration, and Employment Support at the Social Security Administration (SSA), and I am deeply honored to be here today.

I appreciate this opportunity to discuss how, together, we can help interested disability beneficiaries return to work or, in the case of young adults with disabilities receiving Supplemental Security Income (SSI), how we can help these individuals begin working for the first time.

Today, I will discuss several topics related to our return-to-work efforts, including statutory work incentives, the Ticket to Work (Ticket) Program, and other efforts to improve the overall disability process for our customers. Finally, I will also discuss some demonstration projects that allow us to test whether program changes might help our beneficiaries as they attempt to enter or re-enter the workforce.

## **INTRODUCTION TO THE DISABILITY PROGRAMS**

Social Security Disability Insurance (SSDI) and SSI – “disability benefits” – provide essential income for people with disabilities. Disability beneficiaries are your constituents, your neighbors, your friends, and your family.

As of December 2023, we paid about \$11.9 billion in monthly SSDI benefits to 8.5 million people, and about \$3.1 billion in monthly SSI benefits to roughly 4 million people aged 18 to 64 based on disability or blindness.

The Social Security Act (Act) defines disability stringently: a person must be unable to engage in any substantial gainful activity (SGA) due to a physical or mental impairment that has lasted or is expected to last at least one year or result in death. SSA uses monthly earnings to determine if a person works at the SGA level. The SGA amount increases each year with average wages. SGA for non-blind individuals is \$1,550 a month or \$18,600 a year for 2024.

Disability beneficiaries are some of our Nation’s *most severely* disabled people. Realistically, we cannot expect most of them to return to work or cease relying on benefits through their own earnings. While the SSDI and SSI programs provide some level of monthly income, we cannot say that these benefit amounts are enough to substantially discourage work. In January 2024, a disabled worker received, on average, a little over \$1,500 in SSDI benefits per month; the average SSI payment for recipients age 18-64 is \$743 per month. A disabled worker seeking more than the basic standard of living cannot rely on the SSDI and SSI programs alone. Quite simply, he or she would need to return to work in order to achieve long-term financial stability and independence.

We know that most people who meet our strict disability requirements have conditions that will never allow them to attempt work without significant support. For the relatively few who can attempt work, we have incentives to encourage and support them. But these individuals are also faced with wage reporting requirements, potential overpayments, and the complexity of many of the work incentives.

However, for most, self-supporting employment is not a viable option, due to their impairment(s). In fact, while approximately 60 percent of SSDI beneficiaries or SSI recipients recently expressed interest in working in the next 2-5 years, only about three percent of those awarded benefits in 2007 were able to have enough work activity within a 15-year period to have their benefits terminated. Our research and program statistics have shown that, even with the highest level of support, most of those who qualify for disability benefits are simply unable to return to full-time work.

For this reason, we need to be realistic and strategic about what we do to assist the limited number of beneficiaries who *can* become financially independent through work and earnings. Congress through our statutes has made clear their desire that individuals should work if they can. Therefore, Social Security supports the efforts of those beneficiaries with disabilities who want to work, by developing policies and services to help them work to their full potential. This includes not only ensuring that our work incentives provide a path to jobs with self-supporting futures, but also by removing work disincentives for Americans with disabilities.

## **WORK INCENTIVE POLICIES AND SUPPORTS**

### **Work Incentives**

The Act includes incentives to encourage disability beneficiaries to return to work. Generally, these incentives provide beneficiaries with continued benefits and medical coverage while working or pursuing an employment goal. For example, in the SSDI program, beneficiaries who work first enter a nine-month Trial Work Period (TWP), during which their earnings generally do not affect the amount of their SSDI benefits. This is followed by a 36-month Extended Period of Eligibility, during which they receive full benefits for any month in which their earnings do not exceed a threshold. The SSI program has different work incentives, including special rules for counting earnings after disability is established. Both programs have special rules about impairment-related work expenses, expedited reinstatement, and medical insurance.

The work incentive provisions are complex, due to decades of incremental changes. As illustrated by the charts in the Appendix, these provisions can be difficult for beneficiaries to understand. Because the work incentive rules are different for SSDI and SSI, the situation is even more complex if a person is entitled to both types of benefits, as is the case for over 700,000 working-age beneficiaries.

## Beneficiary Supports: The Ticket to Work Program

In 1999, Congress passed the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170), which established the Ticket to Work program (which we call Ticket) to expand the universe of service providers beyond the State vocational rehabilitation (VR) agencies for the services and supports beneficiaries need to secure and maintain employment. These services include career and benefits counseling, employment goal setting, and more. We contract with qualified State, local, or private organizations, known as Employment Networks (ENs), to provide or coordinate the delivery of employment support services to our disability beneficiaries. Some State VR agencies also act as ENs under a cost reimbursement model. Any adult disability beneficiary is eligible to participate in the Ticket program and may choose to assign his or her Ticket to an EN or work with a State VR agency.

Beneficiaries, ENs, and State VR agencies voluntarily participate in the Ticket program. An EN decides whether to accept a Ticket from the beneficiary. Once a beneficiary assigns a Ticket to an EN, the EN provides employment support services to assist the beneficiary in obtaining self-supporting employment. The beneficiary receives these services at no charge, and is not subject to a review of work activity as long as they are working with an EN. Consistent with Congressional intent, we pay an EN only when it is successful in helping a beneficiary secure and maintain employment.

As of April 30, 2024, there were 88,517 Tickets assigned to 378 ENs (including State VR agencies serving under the EN payment model). An additional 190,067 beneficiaries were working with a State VR agency under the cost reimbursement model. Overall, we estimate that we spent approximately \$436 million to run the Ticket program in fiscal year (FY) 2023, including the cost of agency staff responsible for overseeing the program, milestone and outcome payments to ENs, and support contracts. In FY 2023, we made 20,693 payments to ENs in the total amount of \$140 million. Additionally, we reimbursed State VR agencies \$243 million for services they provide to beneficiaries who successfully return to work for at least 9 months.

## Beneficiary Supports: WIPA and PABSS

SSA also funds programs called Work Incentives Planning and Assistance (WIPA) and Protection and Advocacy for Beneficiaries of Social Security (PABSS). WIPA staff provide information about work and benefits to SSDI or SSI disability beneficiaries. They provide information about the availability of work supports and individualized in-depth counseling about the effect of work on benefits and health insurance. There are 74 WIPA agencies that serve the entire country and U.S. territories; beneficiaries may contact them through a hotline. The PABSS program serves SSDI and SSI beneficiaries with disabilities who want to work by helping to remove barriers to employment, for instance by helping beneficiaries understand and protect their employment rights and reasonable accommodations under the Americans with Disabilities Act of 1990.

## **REDUCING OVERPAYMENTS AND IMPROVING SERVICES TO BENEFICIARIES**

Individuals receiving disability benefits are required to report to SSA when they start working or when their earnings change, among other reporting requirements. We generally receive work reports directly from claimants and beneficiaries by fax, phone, or mail, or in person at their local Social Security office. We also offer an online option for beneficiaries to report wages via the SSA.gov MyWage Report application. Regardless of the reporting avenue, we rely on individuals to timely self-report wages to prevent improper payments. Unfortunately, this reliance means that we sometimes receive the needed information after issuing benefit payments. Sometimes, SSA receives timely wage reporting, but cannot process the information fast enough to avoid an improper payment.

Multiple studies have found that, of the small fraction of beneficiaries with sustained earnings, large majorities experience work-related overpayments; these overpayments, in turn, can discourage work.<sup>1</sup>

### **Payroll Information Exchange**

We take seriously our responsibilities to ensure that eligible individuals receive the benefits to which they are entitled and to safeguard the integrity of our programs. This means that we must have accurate wage data as quickly as possible. This wage information allows us to prevent improper payments.

Earlier this year, SSA took a critically important step to reduce improper payments, including overpayments, by publishing a notice of proposed rulemaking on “Use of Electronic Payroll Data to Improve Program Administration,” describing the agency’s plans for accessing and using information from payroll data providers to ensure that we receive timely and accurate wage data.<sup>2</sup> We have notified disability applicants of this forthcoming change when they apply with SSA, giving them the option to authorize the automated wage data transfer. Once implemented, these automated payroll information exchanges will address some of the inefficiencies associated with self-reporting and manual verification and prevent improper payments. The Payroll Information Exchange (PIE) will automate information to beneficiary records to allow Social Security employees to adjust SSI payments before they are issued and

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<sup>1</sup> Hoffman, Denise, Monica Farid, John T. Jones, Serge Lukashanets, and Michael T. Anderson. “[PERSPECTIVES: Work Overpayments Among New Social Security Disability Insurance Beneficiaries.](#)” *Social Security Bulletin*, Vol. 84 No. 1, 2024; and Denise Hoffman, Benjamin Fischer, John T. Jones, Andrew McGuirk, and Miriam Loewenberg. “[PERSPECTIVES: Work-Related Overpayments to Social Security Disability Insurance Beneficiaries: Prevalence and Descriptive Statistics.](#)” *Social Security Bulletin*, Vol. 79 No. 2, 2019.

<sup>2</sup> SSA, Use of Electronic Payroll Data To Improve Program Administration. *Federal Register*, 89 FR 11773. Feb. 15, 2024. <https://www.federalregister.gov/documents/2024/02/15/2024-02961/use-of-electronic-payroll-data-to-improve-program-administration>.

help us more efficiently administer SSDI. It will also reduce the burden of reporting wages for those beneficiaries whose wage data is available through the data exchange.

## **DISABILITY DEMONSTRATION PROJECTS**

Demonstration projects are a way to identify promising program changes and test their effects on disability beneficiaries and potential beneficiaries, with rigorous evaluations. They allow us to study ways to improve services to our current and future beneficiaries. Demonstration projects can provide valuable information about ways to better serve individuals with disabilities, including program rule changes that allow for better coordination among other Federal and State programs.

Two sections of the Social Security Act authorize us to conduct disability demonstration projects: Section 234, which authorizes demonstrations that test changes to the SSDI program; and Section 1110, which authorizes demonstrations that test changes to the SSI program and ways to reduce dependency on disability benefits. Section 234 lapsed on December 31, 2022 and, as a result, we are currently unable to develop or implement new demonstration projects to study potential improvements to the SSDI program. As the FY 2025 President’s Budget stated, we are interested in working with Congress to renew Section 234 authority to conduct demonstrations. We invite Committee Members or their staff to contact us for more information.

### Completed Demonstrations

In 2021, a comprehensive study examined the lessons learned from four decades of SSA’s disability demonstration research.<sup>3</sup> Although SSA’s demonstrations have addressed multiple issues, the vast majority have dealt with the topics of disability and employment. The review of 11 major demonstrations and other tests of SSDI and SSI programmatic reforms led authors to draw several lessons. First, the impact of most demonstrations on the already low rates of employment and exit from the programs are small. Second, favorable effects were found for some demonstrations of reforms in the treatment of SSDI beneficiaries with mental impairments and one demonstration that intervened at the newly awarded stage, although those programs were quite expensive. Third, for most demonstrations, only a small number of individuals took up work programs offered through SSDI; this included demonstrations with attempts to improve financial incentives, including the elimination of the “cash cliff.” Finally, issues of implementation and the complex nature of interventions are difficult for beneficiaries to understand, contributing to a reduction in the overall effectiveness of interventions.<sup>4</sup>

Specific completed projects include:

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<sup>3</sup> Nichols, Austin, Jeffrey Hemmeter, and Debra Goetz Engler, eds. 2021. [\*Lessons from SSA Demonstrations for Disability Policy and Future Research\*](#). Rockville, MD: Abt Press.

<sup>4</sup> *Id.* at 177.

- Benefit Offset National Demonstration (BOND), implemented 2011-2017: BOND studied the impact of removing financial work disincentives on return-to-work outcomes, specifically testing the effectiveness of benefit offset and enhanced benefit counseling. BOND tested the effect of an alternative to withholding full benefits when beneficiaries work at certain levels. Under the rules tested, when participants performed SGA after the Trial Work Period and the three-month grace period, we reduced their benefits by \$1 for every \$2 by which their earnings exceeded the annualized SGA threshold amount. BOND found strong evidence of an increase in the proportion of beneficiaries employed and an increase in benefits paid. It also found that enhanced benefits counseling services are no more effective than current services.
- Promoting Opportunity Demonstration (POD), implemented 2018-2021: POD, which was required under the Bipartisan Budget Act of 2015, tested a \$1 for \$2 benefit offset for earnings above a certain threshold. The benefit offset feature of POD was similar to BOND. Unlike BOND, POD had several features to facilitate higher use of the offset, including a focus on monthly reporting and the elimination of the TWP. The final report indicated that impacts on primary outcomes were limited. POD did not increase average earnings, SSDI benefits, or income. More than 80 percent of offset users experienced a work-related overpayment or underpayment, though the average size of overpayment was smaller under POD than under normal rules.
- Promoting Readiness of Minors in SSI (PROMISE), implemented 2017-2019: PROMISE was a joint demonstration project with the Departments of Education, Health and Human Services, and Labor, which tested interventions to improve the health, education, and post-school outcomes of children who receive SSI, representing the largest-ever demonstration involving youth receiving SSI. Two of the PROMISE projects increased participants' employment rate, and three programs increased their income. None reduced the amount of SSA payments that the youth received during the five-year evaluation period and none of the programs generated positive net benefits across all stakeholder groups.
- Supported Employment Demonstration (SED), implemented 2017-2019: SED aimed to improve employment outcomes for Social Security disability applicants alleging a mental impairment who were recently denied benefits. SSA examined whether offering the Individual Placement and Support (IPS) model of employment services and behavioral health would foster improved self-sufficiency, enhanced quality of life, and less demand for disability benefits. SED provided services for 36 months. While net costs outweighed benefits at the close of the SED, strong earnings and benefit growth over time showed promise.
- Mental Health Treatment Study (MHTS), implemented 2006-2010: MHTS evaluated the impact that better access to treatment and employment support services would have

on employment outcomes for SSDI beneficiaries with a primary impairment of schizophrenia or affective disorder. We examined the advantages and disadvantages of providing these SSDI beneficiaries access to high-quality services designed to improve their employment outcomes. The study found that the treatment group attained significantly better employment rates than the control group both in terms of obtaining any type of job and for competitive jobs.

- Homeless Outreach Projects and Evaluation (HOPE), implemented 2003-2007: HOPE was a Congressionally funded outreach to “homeless and other under-served populations” focused on assisting individuals experiencing homelessness to apply for SSI and SSDI benefits. The study found that having skilled medical and social service providers assist these individuals with completing their benefit applications resulted in improved housing outcomes and faster SSA disability determinations.<sup>5</sup>
- Ohio Direct Referral Demonstration Project (ODRD), recruitment in 2020-2022: ODRD was a joint demonstration with an Ohio state agency, Opportunities for Ohioans with Disabilities. The goal of ODRD was to test the effectiveness of providing direct referrals to vocational rehabilitation services for 18- and 19-year-olds who are, or may become, SSI or SSDI beneficiaries. The project completed recruitment in March 2022. Our authority to waive program rules ended in December 2022, when we ended referrals; however, we will continue to evaluate and finalize the necessary analyses and release reports.<sup>6</sup>

### Current Demonstrations

As noted above, our authority lapsed in 2022 and we are unable to conduct demonstration projects under Section 234. However, the following are examples of projects we are conducting under Section 1110 to test changes to the SSI program and ways to reduce dependency on disability benefits:

- The Promoting Work through Early Interventions Project (PWEIP): PWEIP is a joint demonstration with the Administration for Children and Families in the Department of Health and Human Services. The goal of PWEIP is to better understand the effects of interventions that aim to improve the employment and economic outcomes of low-income individuals with little or no work history, current or foreseeable disabilities, and ties to the U.S. safety net, who have not yet applied for SSI. This demonstration will support evaluation of existing employment support and training programs. SSA expects to receive a final report by September 2026.

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<sup>5</sup> Frey, Ph.D., William D. and Robert E. Drake, M.D., Ph.D., *et al.* 2011. [Mental Health Treatment Study Final Report](#).

<sup>6</sup> McCoy, Ph.D., Marion L., Cynthia S. Robins, Ph.D., James Bethel, Ph.D., Carina Tornow, and William D. Frey, Ph.D. 2007. [Evaluation of Homeless Outreach Projects and Evaluation \(HOPE\), Task 6: Final Evaluation Report](#).



- Retaining Employment and Talent After Injury/Illness Network (RETAIN) Evaluation: RETAIN is a joint demonstration with Department of Labor to test early intervention approaches to improve labor force participation and retention of individuals who recently acquired injuries and disability to reduce their future need for SSDI. We expect to have a final impact evaluation report no later than September 2026.

## **BUDGET AND STAFFING**

Social Security is serving more customers than ever before with fewer staff than ever before. As the Commissioner has noted, we want to work with Congress to sustain the funding increases in the President's FY 2025 Budget and beyond, to enable SSA to improve service levels and reduce wait times. By the end of FY 2024, SSA will serve over 7 million more beneficiaries with about 7,000 fewer full-time permanent staff than in FY 2015. Social Security's operating budget has recently been *less than one percent* of its annual benefit payments. Ten years ago, SSA's administrative budget was usually around 1.2 percent of benefits, and those resources allowed the agency to provide better customer service. While modernization and other efficiencies have helped in some respects, there is no way around the fact that the agency cannot keep doing more with less.

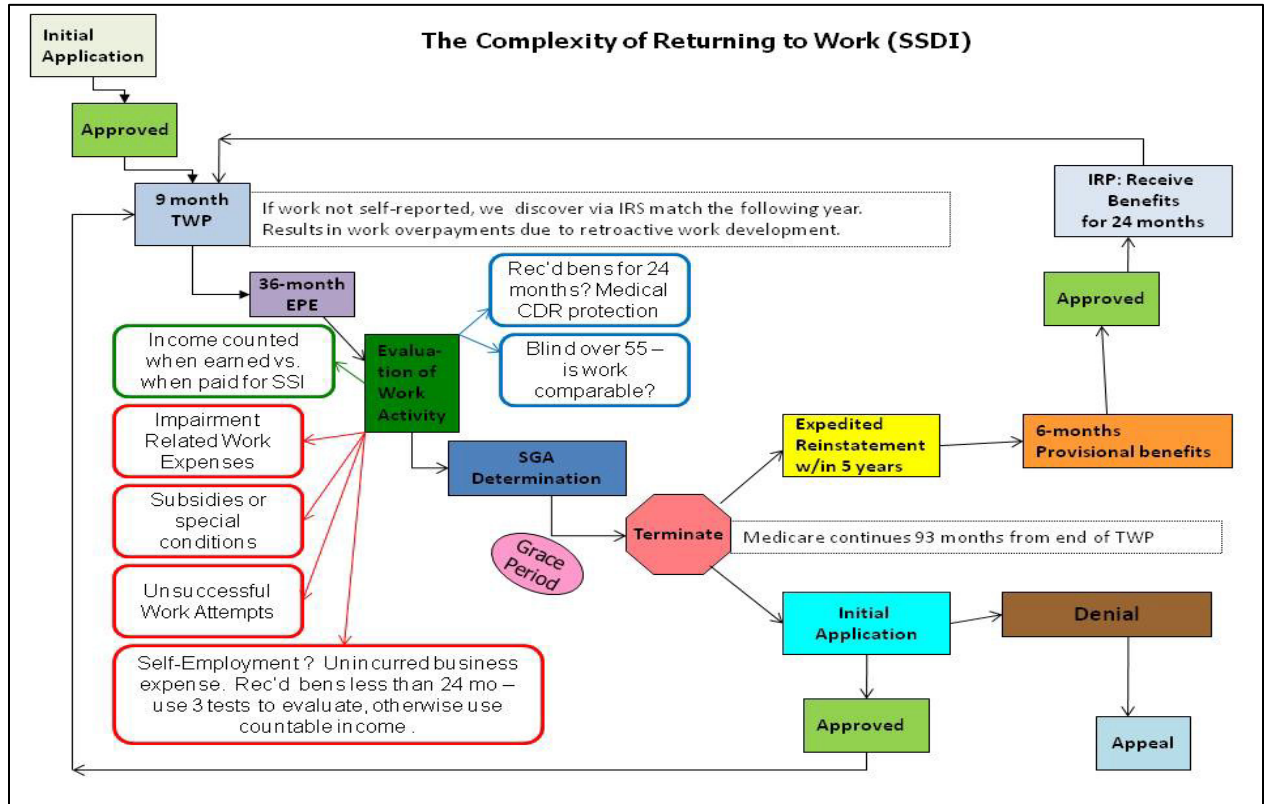
## **CONCLUSION**

At SSA, we are proud of the role our disability programs play in the Nation's social safety net. While it is not realistic to expect that every disability beneficiary can become financially independent by working, we are committed to supporting as many individuals as possible to pursue their employment goals and improve work outcomes.

On behalf of Commissioner O'Malley and SSA, I thank you for your support in this effort, and for inviting me to engage with you today. I look forward to answering your questions.

## APPENDIX: Work Incentive Complexity

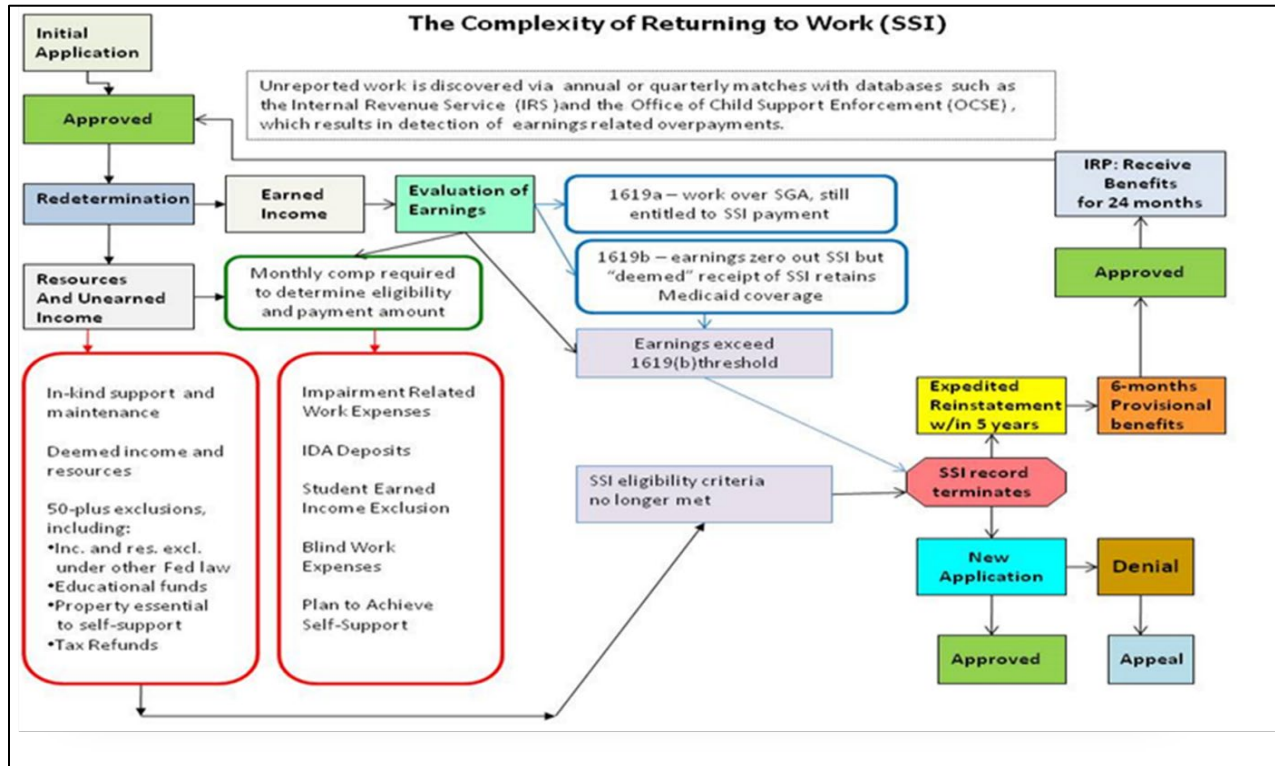
Figure 1.



**Acronyms:**

- |      |                                      |
|------|--------------------------------------|
| CDR  | Continuing Disability Review         |
| EPE  | Extended Period of Eligibility       |
| IRP  | Initial Reinstatement Period         |
| SGA  | Substantial Gainful Activity         |
| SSDI | Social Security Disability Insurance |
| TWP  | Trial Work Period                    |

Figure 2.



Acronyms:

- |     |                                |
|-----|--------------------------------|
| IDA | Individual Development Account |
| IRP | Initial Reinstatement Period   |
| SGA | Substantial Gainful Activity   |
| SSI | Supplemental Security Income   |