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WORK AND SOCIAL SECURITY DISABILITY BENEFITS: ADDRESSING CHALLENGES AND CREATING OPPORTUNITIES

HEARING

BEFORE THE

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WORK AND SOCIAL SECURITY DISABILITY BENEFITS: ADDRESSING CHALLENGES AND CREATING OPPORTUNITIES

TUESDAY, JUNE 18, 2024

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:08 a.m., in Room SD–215, Dirksen Senate Office Building, Hon. Ron Wyden (chairman of the committee) presiding.

Present: Senators Cantwell, Brown, Casey, Whitehouse, Hassan, Cortez Masto, Warren, Crapo, Grassley, Cassidy, Barrasso, and Blackburn.

Also present: Democratic staff: Sam Conchuratt, Professional Staff Member; Joshua Sheinkman, Staff Director; and Tiffany Smith, Deputy Staff Director and Chief Counsel. Republican staff: Becky Cole, Chief Economist; Gregg Richard, Staff Director; and Lara Rosner, Social Security Policy Advisor.

OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM OREGON, CHAIRMAN, COMMITTEE ON FINANCE

The CHAIRMAN. The Finance Committee will come to order.

This morning the Finance Committee gathers to discuss how to update and strengthen Social Security disability programs. Our objective is to make it easier to work for Americans who have a severe disability and want to work again.

When I talk to those with disabilities, they constantly say they want to contribute to their communities, and they want to work in the private sector. But the laws that are on the books today, when it comes to work and Social Security, are a bureaucratic, suffocating, mindless straitjacket that makes it almost impossible to work while maintaining eligibility for benefits.

So, I am especially pleased to be able to say that here on the Finance Committee, this has been a bipartisan cause, and I would like to recognize Senators Brown, Casey, and Cassidy—in particular those three—for a very, very strong bipartisan effort to cut through all of this byzantine red tape.

They want to, on a bipartisan basis, help Americans who count on Social Security. There is a bedrock principle here, and that is, Social Security is to provide Americans with financial security and dignity, and that it is an earned benefit, something they contribute to out of each paycheck. But for too many, especially those with a

disability, dignity has fallen by the wayside because of these barriers when they are attempting to work.

The vast majority of those who receive disability benefits have worked at least 10 years—10 long years—paying into Social Security with each paycheck. Becoming severely disabled due to illness or accident is a devastating blow.

Fortunately, Social Security is there to help those Americans get back on their feet. It often takes months or even years to demonstrate to Social Security that their disability prevents them from performing a regular job. In spite of that, so many Americans want a chance to go to work, even in a limited capacity. They want to be part of their community.

Unfortunately, the rules at Social Security make working with a disability almost the equivalent of running a marathon. Many of those who try to work get an overpayment from Social Security due to these outdated rules. An overpayment is something that they still have to deal with, but these are earned benefits, and they are going to essentials like groceries, gas, and rent.

Once Social Security realizes there has been a mistake, it often demands all of the money back, and they demand it quickly and in full. These overpayment fines can run into the tens of thousands of dollars, and too many Americans simply cannot afford to pay.

So, something has to change, and what needs to change is to make it easier to work for those who want to work. I am going to outline several ideas about how Social Security and Congress can help Americans do that, and in particular so that Americans with disabilities can work without risking their eligibility for benefits, and removing the red tape that holds them back.

The first bill is for modernizing the Supplemental Security Income program, what is known as SSI. Here again, a bipartisan effort: Senators Brown, Casey, Cassidy, and Lankford—both sides of this dais, I would say to our guests and people who are following this—Democrats and Republicans leading the way, saying that Americans who receive SSI and are living on shoestring budgets, with the average benefit only amounting to roughly $700 a month, those folks deserve a fair shake, and that means the program putting in place a meaningful update, the first one in 40 years.

It has become harder and harder to keep benefits, or engage in meaningful work, due to artificially low income limits that have not kept up with inflation. The most an American with SSI can have in their bank account is $2,000. That has been frozen since 1989. Today, that would be about $10,000. For SSI beneficiaries who attempt to work, benefits are reduced by a dollar for every $2 they earn above $85 per month.

That amounts to a 50-percent income tax rate. That is higher than the highest rate in the tax code. Put your arms around that: the highest rate in the tax code. So, it is time to bring these rules, heaven forbid, into the 21st century. I am glad to be able to join Senators Brown, Cassidy, Casey, Lankford, and several of our other colleagues to take the first step to bring SSI into the 21st century with the SSI Savings Penalty Elimination Act.

Next is our bipartisan Work Without Worry Act. I introduced this with Senator Cassidy. The idea is direct: for Americans with lifelong disabilities like Down syndrome, cerebral palsy, or an intel-

lectual disability, there ought to be additional protections allowing them to work without risking Social Security.

So our bill removes the risk of past earnings disqualifying an individual in this situation from receiving disability benefits based on their parents' work history. This ought to be a no-brainer, folks. It is a chance to have lives changed for thousands of Americans who want to participate in the workforce but do not, out of fear that Federal rules could hurt the ability to be financially secure down the road.

The last is overpayments. Over the past year, this committee has heard horror stories every day about Americans getting huge overpayment bills from Social Security. Often that is because the program's tremendous complexity, or a mistake made by the agency, caused the problem.

When Commissioner Martin O'Malley came before the Finance Committee, he pledged to take action to address the severity of these overpayment clawbacks. This spring, he took an important first step, which was to give Americans more time and flexibility to correct these payment errors. And he put in motion a critical update to how payroll data is processed by the agency.

That was something that the Finance Committee championed to help reduce overpayments in the future. We will have additional steps that we are looking at to reduce the frequency of the overpayments happening in the first place. I want everybody to understand we will have more to say about that in the weeks ahead.

So, these are some of the steps the committee is exploring to improve Social Security. Each member of the committee knows the importance of work, and we understand as well the Social Security program's lifeline benefits. So we look forward to hearing from our witnesses, all of whom have expertise in the field, because they are going to help us knock down the barriers to work and modernize Social Security for every American.

It is about time, and I thank our guests.

Senator Crapo?

[The prepared statement of Chairman Wyden appears in the appendix.]

OPENING STATEMENT OF HON. MIKE CRAPO, A U.S. SENATOR FROM IDAHO

Senator CRAPO. Thank you very much, Mr. Chairman, for holding today's hearing, examining how work can affect eligibility for Social Security Disability Insurance benefits and Supplemental Security Income payments. This is an important topic and one that the Finance Committee has not examined in many years. So, thank you for paying attention to it.

The CHAIRMAN. Thank you.

Senator CRAPO. Individuals who receive Social Security Disability benefits and want to work should be afforded that opportunity. Unfortunately, that is not always the case, and these individuals often face multiple challenges when attempting to rejoin the workforce.

One of the challenges stems from the concern that if they resume working, they will lose access to their disability benefits and health insurance. There are provisions in place intended to help the tran-

sition, such as allowing SSDI beneficiaries to try working without immediately losing their benefits, and extensions for health insurance coverage if their disability benefits stop due to work.

However, these work incentives are complex and not well understood. I look forward to a discussion about what more can be done to improve awareness and understanding of the current work-related rules and incentives. Proposals to modify disability program rules to reduce barriers to work also merit serious review.

However, we must be clear on the costs and other tradeoffs that come with a given simplification proposal. The Social Security Administration's recent track record of finalizing rules that increase mandatory spending by billions of dollars should not be the framework for program reforms.

Work-related overpayments represent another challenge that many individuals with disabilities face if they try returning to work. Work-related overpayments can occur when the Social Security Administration does not receive or process earnings information in a timely manner, and adjusts an individual's benefit amount accordingly.

To help reduce the reporting burden on individuals and provide the Social Security Administration with timely earnings information, the Bipartisan Budget Act of 2015 allowed the agency to enter into an information exchange with a payroll data provider.

In February, after years of delay, the Social Security Administration issued a proposed rule describing the agency's planned implementation of this provision. The proposed rule represents progress, and I urge the Social Security Administration to continue taking the steps necessary to implement this exchange. Although this new payroll information exchange will help, it will not include earnings information for all disability beneficiaries.

The SSA must continue identifying ways to prevent or limit work-related overpayments before they occur. While barriers to returning to work are an important part of today's hearing, this is not the only way an individual's work activity can affect the individual's eligibility for disability benefits.

The Social Security Administration uses a five-step process to determine eligibility for disability benefits. The fourth step in this process evaluates whether an individual can still perform past relevant work. If not, then the fifth step evaluates whether the individual can perform any other work that exists in the national economy.

The SSA continues to rely on woefully outdated occupational data to make these determinations. This data both includes jobs that no longer exist in significant numbers, and excludes jobs that do. It also does not accurately reflect how jobs are actually performed in today's economy.

The Social Security Administration has already invested substantial time and resources into developing an alternative to this outdated occupational data, and I continue to urge the agency to move this project forward as well, as it is vital to ensuring applicants get an accurate disability decision.

I thank our witnesses today for being here. I look forward to hearing your testimony. And thank you again, Mr. Chairman. I yield back.

[The prepared statement of Senator Crapo appears in the appendix.]

The CHAIRMAN. We have some witness introductions to do, and we are going to hear first from Will Morton, Analyst in Income Security at the Congressional Research Service. We welcome him.

We will hear from Ms. Susan Wilschke, Associate Commissioner, Office of Research, Demonstration, and Employment Support at Social Security.

After her, we will hear from Ms. Erin Godtland, the Assistant Director for Education, Workforce, and Income Security at the GAO.

And last and certainly very important, will be Katherine Zuleger, District Manager at the Wausau, WI field office and executive member of the National Council of Social Security Managers.

We will put all of your written statements into the record. If you could each take about 5 minutes or so, we will be interested in asking questions. Why don't you proceed, Mr. Morton, and we will go right down the row, please?

STATEMENT OF WILLIAM R. MORTON, ANALYST IN INCOME SECURITY, CONGRESSIONAL RESEARCH SERVICE, WASHINGTON, DC

Mr. MORTON. Chairman Wyden, Ranking Member Crapo, and other distinguished members of the committee, my name is Will Morton, and I am an Analyst in Income Security at the Congressional Research Service. Thank you for the opportunity to testify today. My testimony will provide background information on the programs that are the focus of today's hearing.

The Social Security Administration, or SSA, oversees two Federal disability programs: Social Security Disability Insurance, or SSDI, and Supplemental Security Income, or SSI.

SSDI is part of the larger Social Security program, which provides monthly cash benefits to insured workers and their eligible family members in the event of a worker's retirement, disability, or death. Workers obtain insurance protection by working for a sufficient period in jobs covered by Social Security and its payroll tax, and benefits are based on a worker's career average earnings. Social Security provides disability benefits primarily to working-age individuals based on their own work records in covered jobs. It also provides disability benefits to certain dependents and survivors who qualify on the work record of an eligible spouse or parent.

Social Security is financed primarily by payroll taxes, and disability beneficiaries automatically qualify for Medicare, generally after a 24-month waiting period.

In contrast, SSI is a means-tested program, and provides monthly cash benefits to eligible individuals who are aged 65 or older, blind, or have a qualifying disability. SSI is intended for those who have difficulty meeting their basic living expenses due to age or disability, and who have little or no Social Security or other income. There are no work requirements to qualify for SSI. However, because the program is based on need, it is restricted to those with limited income and resources. SSI provides a flat maximum monthly benefit, which is reduced by any countable income, such as Social Security or earnings.

SSI is financed by general revenues, and SSI recipients generally qualify for Medicaid in most States. Both programs use the same work-based definition of disability for adults. Disability is defined as the inability to engage in any substantial gainful activity due to any medically determinable physical or mental impairment that is expected to last for at least 12 consecutive months or to result in death.

The impairment must be severe enough to prevent the individual from performing both their past work and any other substantial work that exists in significant numbers in the national economy, taking into consideration the person's age, education, and work experience. SSA uses an earnings limit to determine whether a person is performing substantial gainful activity, or SGA, which in 2024 is $1,550 per month for most individuals.

Although SSDI and SSI are designed to support eligible adults who have long-term work-limiting disabilities, they both have special program rules designed to encourage work among disability beneficiaries, known as work incentives. In general, work incentives allow disability beneficiaries to retain their cash and medical benefits under certain conditions, while they attempt to return to work or pursue an employment goal.

SSDI work incentives protect program eligibility for those who earn above the SGA limit, and are often time-limited. SSI work incentives are designed largely around the program's financial eligibility rules, and are generally not time-limited. In addition, SSI recipients have their benefits gradually offset as their earnings rise above a certain level, while SSDI beneficiaries who work either receive their regular benefits or nothing, depending on whether their earnings are above the SGA limit and the particular work incentives available to them.

Despite the existence of work incentives, less than 1 percent of disability beneficiaries leave the rolls each year due to work. Among surveyed beneficiaries, the most frequently cited reason for not working is that their physical or mental condition prevents them from working. Other potential barriers to work include inaccessible workplaces, work-related overpayments, and the complexity of SSA's work incentives.

In conclusion, lawmakers established SSA's disability programs to support eligible adults with long-term, work-limiting disabilities. At the same time, lawmakers established work incentives and return-to-work initiatives to encourage work among disability beneficiaries. Striking the appropriate balance between these competing objectives is something lawmakers have wrestled with over the years, and may continue to do so in the future.

Thank you for the opportunity to testify today. I am happy to answer any questions you may have.

[The prepared statement of Mr. Morton appears in the appendix.]

The CHAIRMAN. Thank you, Mr. Morton.

Ms. Wilschke?

STATEMENT OF SUSAN WILSCHKE, ASSOCIATE COMMISSIONER, OFFICE OF RESEARCH, DEMONSTRATION, AND EMPLOYMENT SUPPORT, SOCIAL SECURITY ADMINISTRATION, BALTIMORE, MD

Ms. WILSCHKE. Chairman Wyden, Ranking Member Crapo, and members of the committee, thank you for inviting me to discuss working while receiving Social Security disability benefits. I am Susan Wilschke, Associate Commissioner of the Office of Research, Demonstration, and Employment Support at the Social Security Administration.

I appreciate this opportunity to discuss how together we can support disability beneficiaries with an interest in working. Social Security provides essential income and services to a diverse population of Americans with disabilities through the Disability Insurance and Supplemental Security Income programs, collectively referred to as disability benefits.

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 payments to roughly 4 million people aged 18 to 64, based on disability or blindness. Disability beneficiaries are some of our Nation's most severely disabled people.

The law defines disability stringently. A person must be unable to engage in any substantial gainful activity due to a physical or mental impairment that has lasted, or is expected to last, at least 1 year or to result in death. For most, self-supporting employment is not a viable option. In fact, our research and program statistics have shown that even with supports, most of those who qualify for disability benefits are simply unable to return to full-time work.

For example, our review of recipients awarded disability benefits in 2007 showed that over the following 15-year period, only about 3 percent had enough work activity to have their disability benefits end.

Therefore, we need to be pragmatic and strategic with policies to assist the limited number of beneficiaries who may be able to work and become financially independent. Congress has made clear their desire that individuals should work if they can, and we have consistently supported the efforts of beneficiaries who want to work.

Current law includes several incentives and beneficiary supports, including Ticket to Work, Work Incentives Planning and Assistance, and Protection and Advocacy for Beneficiaries of Social Security. However, beneficiaries report challenges with complex program rules, wage reporting requirements, and overpayments. For a person receiving both SSDI and SSI, the situation is even more complex due to differences in program rules.

Under Commissioner O'Malley's leadership, we are undertaking several actions to support beneficiaries who attempt to work and gain financial independence. First, Commissioner O'Malley, as one of his top priorities, has taken several steps to reduce and better manage overpayments.

Second, we have commissioned a new evaluation to assess the effectiveness of the Ticket to Work program, and help us better understand which aspects of it work effectively and for whom.

Third, in February we published a proposed rule for the Payroll Information Exchange, or PIE. When fully implemented, PIE will

allow us to reduce improper payments, while lessening the burden of wage reporting on beneficiaries.

One of the best tools provided in law by Congress is our ability to test promising disability program changes through demonstration projects. However, this authority expired in 2022. We would like to work with Congress to remedy this.

Finally, our ability to support work for beneficiaries depends on sufficient funding. Social Security's operating budget has recently been less than 1 percent of its annual benefit payments.

The President's budget request for Fiscal Year 2025 will improve customer service across the board, including our programs to support work. 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 work, 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 Social Security, I thank you for your support in this effort and for inviting me to appear today. I look forward to answering your questions.

[The prepared statement of Ms. Wilschke appears in the appendix.]

The CHAIRMAN. Thank you, and we will have some questions in a little bit.

Ms. Godtland?

STATEMENT OF ERIN M. GODTLAND, ASSISTANT DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY, GOVERNMENT ACCOUNTABILITY OFFICE, WASHINGTON, DC

Ms. GODTLAND. Chairman Wyden, Ranking Member Crapo, and members of the committee, thank you for inviting me to discuss work incentives and challenges in SSA's disability programs. This statement is informed by 30 years of GAO work.

Over 11 million working-age adults received disability benefits from SSA in 2022. Some of those 11 million want to work. We found three disincentives they face: one, loss of cash and medical benefits: two, the fear of overpayments; and three, the complexity of rules surrounding work. I will discuss each briefly and progress and challenges SSA faces addressing them.

First, the loss of benefits. When disability beneficiaries return to work and earn income, they must report these earnings to SSA, and SSA adjusts their benefits. Those beneficiaries who earn over a certain income limit are at risk of eventually losing cash and medical benefits.

In 2024, this limit is $1,550 per month for DI beneficiaries. That is $18,600 per year, and the limit is lower for SSI beneficiaries. Research shows that the fear of losing benefits is a prime deterrent to earning over these limits.

Second, overpayments, which occur when SSA delays processing earnings or when beneficiaries do not report them. Overpayments can result in SSA demanding repayment by beneficiaries. And those demands can be sent years later and total tens of thousands of dollars. One employment counselor showed an example of a client who had a great experience, was placed in a job, and later received a $28,000 repayment notice.

Third, complexity.

The CHAIRMAN. Let me make sure I heard that correctly. They got an overpayment notice of $28,000?

Ms. GODTLAND. That is correct.

The CHAIRMAN. Thank you.

Ms. GODTLAND. Yes. Complexity. Even when beneficiaries accept the risk of losing benefits and receiving a notice of repayment, the complexity of the rules surrounding work and benefits can deter working. It can also be difficult for the agency to manage.

SSA staff and employment counselors told us even they get confused explaining the rules to beneficiaries. Now, SSA has taken steps to address these disincentives, but these efforts have yielded limited results. For example, SSA has conducted demonstration projects that test various changes to program rules designed to encourage work and reduce reliance on benefits. However, in 2021, the OIG reported that six of these projects had cost over $300 million, and none have identified potential savings or resulted in changes in legislation or policy.

SSA has also recognized the importance of addressing overpayments. By using data and technology, it could adjust those benefits faster, which could prevent overpayments. For example, its performance report outlines a plan to automate collection of wage data and modernize its IT system for tracking debt. But SSA has yet to fully implement three GAO recommendations in this area, including one priority recommendation from 2015 which involves SSA's use of data matching to prevent overpayments.

Finally, beyond these disincentives, SSA faces longstanding workload challenges and has struggled to modernize its disability programs. SSA has efforts underway to improve hiring and retention of staff who process disability claims. It also has made efforts to update its disability eligibility criteria.

However, it has spent hundreds of millions of dollars since 2012 working with BLS to update its data on occupations to reflect the modern workforce. But SSA is not using those BLS data. Instead, it continues to use data on obsolete occupations, some from the 1970s, to make decisions on who gets disability awards.

In conclusion, SSA's disability programs provide a vital safety net for millions of people with disabilities. But beneficiaries who wish to work face significant disincentives. SSA's continued efforts to reduce these disincentives and modernize its programs will benefit disability beneficiaries and American taxpayers.

Chairman Wyden, Ranking Member Crapo, and members of the committee, this concludes my prepared statement.

[The prepared statement of Ms. Godtland appears in the appendix.]

The CHAIRMAN. Thank you very much.

And, Ms. Zuleger, I understand that you have been on the front lines literally for decades. So, I can almost see a size-seven halo sprouting above your head, because this is such important work for our country.

So, please proceed.

STATEMENT OF KATHERINE ZULEGER, MANAGER, WAUSAU, WI SOCIAL SECURITY ADMINISTRATION FIELD OFFICE; PRESIDENT, CHICAGO SOCIAL SECURITY MANAGEMENT ASSOCIATION; AND EXECUTIVE COMMITTEE MEMBER, NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, WAUSAU, WI

Ms. ZULEGER. Chairman Wyden, Ranking Member Crapo, and members of the committee, my name is Katherine Zuleger. I am the Manager of the Wausau, WI Social Security Administration field office. I have worked for SSA for 30 years. I am here today on behalf of the National Council of Social Security Management Associations (NCSSMA). Thank you for inviting me to speak with you.

NCSSMA is a professional association with over 2,400 members from field offices and teleservice centers throughout SSA. Each day, our members directly serve the American public in over 1,200 of SSA's public-facing offices. We are here today to discuss how work impacts those who receive Social Security Disability Insurance and Supplemental Security Income.

In my full written testimony, I have provided detailed information about how work impacts benefits. I hope you are able to follow the information, to understand how complicated it is for a layperson working while on disability benefits. I have been doing this for 30 years, and I find it confusing to read.

Before moving into management, I was a technical expert and was actively involved in processing work continuing disability reviews (CDRs) for beneficiaries. This is a workload I have continued processing over the last 20 years as a manager, because the staffing crisis in SSA necessitates that managers continue to process work while also maintaining offices.

Every manager I know contributes in some way to the production work of their office. In my office, there are only two other staff in addition to myself who have even been trained in this area, one of our most complex workloads. Those employees are currently overloaded and unable to find time for the work they are already responsible for.

Knowing how critical it is to address these cases in a timely manner, I squeeze in these reviews where I can, in addition to my management responsibilities overseeing three busy Wisconsin offices. This is not an ideal situation, but a necessary one.

Every day I see firsthand how working impacts those on disability benefits. Let me give you an example of a case I worked on recently. A young man with cognitive disabilities has been working with a local employer. He has a job coach who has helped him learn and become successful in his position.

His mother is his representative payee. A representative payee is a person who is assigned to help manage funds for those who have been determined unable to manage their own finances. She has been diligent in reporting his earnings using our online portal.

His earnings have slowly increased, and he has been working over the substantial gainful activity (SGA) limits for 2 years. On average, he is working over SGA by about $200 per month. He used up his trial work period many years ago.

While developing his work CDR, I contacted his employer to determine subsidy. This is where we ask the employer if they paid the disabled individual more than the work is worth. We ask if the disabled person is performing at the same rate as an able-bodied person who is paid the same.

If the employer indicates the productivity is at 70 percent, then we apply a 30-percent subsidy and only count 70 percent of the earnings toward the SGA limit. In this particular situation, the employer refused to fill out the required form, even after personal contact, and indicated it was against their policies to release that information.

Now on the surface, I can make a reasonable assumption that this beneficiary may not be as productive as his counterparts. However, I cannot assume this. I need documented evidence. Without the information from the employer, this young man's benefits will be terminated retroactively. He will not only lose his current payments, but he will also be overpaid nearly 2 years of benefits.

For those on SSI, the process is similar, only completed on a monthly basis. The payments for SSI fluctuate each month, depending on the earnings from 2 months prior. The impact of a termination letter from SSA can be devastating. It causes panic and distress. The subsequent notice of overpayment from SSA typically starts in the tens of thousands of dollars.

The resources devoted to developing this case example alone have spanned over 2 years. Some of the delay has been due to the inability to devote employee resources to the needed development. Some delay is due to employee reluctance to terminate the benefits of an individual who obviously should have some type of subsidy applied.

This workload takes many hours of research, review, and documentation to ensure we are making the right decision according to law. In my office, I have an average of 150 work CDRs pending at any given time that require many hours of development.

SSA needs to have policies and processes in place that will distinguish the difference between someone who has become able to return to work in a manner that should terminate benefits, and those who should remain entitled while working to meet their basic needs. Our current policies do not differentiate between these two types of workers.

I appreciate the invitation to discuss this incredibly important topic with you today. NCSSMA is committed to working with you to help improve our programs to meet the needs of the American public, while also providing the stewardship of the funds that is required.

Thank you.

[The prepared statement of Ms. Zuleger appears in the appendix.]

The CHAIRMAN. Thank you very much, and all of you have been excellent.

Let me start with Ms. Godtland. You got my attention when you mentioned a $28,000 overpayment, and I am sure that comes to the individual out of nowhere. And I gather that this Ticket to Work program sounds fine as a concept, but in actuality there are a lot

of stop signs along the way to getting to work, and that is what I want to go over with you.

So, these individuals are trying to balance health care and food and rent, and then all of a sudden, they get this letter from Social Security, and it says, as you indicated, you owe thousands and thousands of dollars. This upends a person's life, and I would like to know how do they fight back in an instance like that, because you have to get through to a caseworker.

They seem to be overworked. Often you have to talk to a lawyer. That costs too much, and it seems like it is going to take a lot of time, which you do not have if you are going to have to extricate yourself from this kind of bureaucratic glue. So where do they turn? I mean, how do they beat this?

Your thoughts?

Ms. GODTLAND. Thank you, Chairman Wyden, for that question. So, it is a very complicated process, as we understand it, for beneficiaries to, as you say, "fight back" with the overpayments. And there is a waiver process that people can engage in with the agency, where they apply if, for example, they believe that the overpayment is unfair. And that is——

The CHAIRMAN. How long does that usually take?

Ms. GODTLAND. Unfortunately, I do not have that information. In fact, GAO has not conducted a review of that end process in several years.

The CHAIRMAN. Could you get back to us and even give us some information from a handful of cases?

Ms. GODTLAND. Absolutely.

The CHAIRMAN. I would like to know how that works.

Ms. GODTLAND. Yes, and we get constituent calls as do you, I am sure, on a regular basis, of people who are not only upset by the overpayment notice, but also overwhelmed and confused by the process. It is something that GAO thinks would be beneficial for us to conduct some oversight on and look into this process more.

The CHAIRMAN. So, wouldn't you, if you wanted to use this waiver—is that one of the things you have to go out and get the lawyer that you cannot afford to help with?

Ms. GODTLAND. Yes. Well, it is certainly advantageous to have that kind of legal support, absolutely.

The CHAIRMAN. Anything else that you can offer up in terms of how they are going to find their way out, because that is what the committee has to deal with?

Ms. GODTLAND. Absolutely. So, one hopeful note is this debt management system that we are hoping will assist the agency in tracking overpayments. However, right now we think that there is an opportunity for additional oversight in looking at that end game of what the agency does to correct overpayments and track them.

And what we hear from constituents a lot is that not only are they confused about the process to appeal their waiver, but they are also receiving conflicting information from SSA, depending on who they call and who they talk to. So there needs to be some additional oversight with respect to the process for negotiating those overpayments, the repayments, as well as appealing them.

The CHAIRMAN. Okay.

A question for you, Ms. Zuleger. So, these rules are obviously complicated and practically numbing, as you kind of walk through all of the red tape. But my understanding is that these rules are also very hard for Social Security employees to explain. Can you give us some insight, because you are a veteran of 3 decades? God bless you for helping people.

What do you do to help people through the process? Maybe walk us through when a person says that they are reporting that their wages are recorded on a record, and they are trying to figure out how to deal with it.

Ms. ZULEGER. Thank you for the question. The problem seems to begin really when someone calls in. They are generally speaking with our customer service representatives or our teleservice representatives, who have a very basic working knowledge of how the work programs and the work incentives are applied.

Usually, they do not get to talk to the person who is actually working the cases, because they call, say for instance the 800 number, and they have just very limited access to the information to see where a person is in the work determination and how the incentives may have been applied to their records. So——

The CHAIRMAN. So, in effect, you are saying that when they make that call, they are almost starting over with another person?

Ms. ZULEGER. Yes, that is exactly correct, because when they call in, if they call in a second time, they are pretty much guaranteed to get a different person than they spoke to the first time. And as Ms. Godtland mentioned, sometimes those Social Security employees cannot tell either, when they are looking at our records, what incentives have been applied and where someone is in the process, depending on their knowledge level, their experience, and how much training they have had on the record.

These are our entry-level positions. So they do not have the extensive training that some of the other positions would have to be able to better explain it.

The CHAIRMAN. My time is up, but if you could—and I know you have your hands full with your duties—give us in writing some suggestions, particularly on something like this, because you say to yourself, everybody means well here. I mean, it is kind of like the system is sort of muscle-bound. In other words, it is stuck with not having somebody who really knows what a person's individual needs are, and they do not have the information from the earlier call.

And if you can, give us some suggestions as to how we might deal with that. This so much, as I listen to it, reminds me of my days when I was director of the Gray Panthers, and I also ran the legal aid office for the elderly. That was different, of course, than what we are talking about here.

But nobody means badly, but the system is just kind of muscle-bound, and you cannot get the changes that are needed to really do what is right for all concerned. So, I would like to have your suggestions on that last point.

Ms. ZULEGER. Absolutely.

The CHAIRMAN. Senator Crapo?

Senator CRAPO. Thank you very much, Mr. Chairman.

And, Ms. Godtland, I would like to go to you first. The Social Security Administration's disability programs remain on GAO's high-risk list, due in part to SSA's continued use of outdated occupational data to make disability decisions.

If I heard your testimony correctly, I think you said they have already spent something like $100 million to study this and to update it, but they are not using that information. Did I hear you correctly?

Ms. GODTLAND. Yes, that is correct. I believe the amount is higher. It is over $250 million.

Senator CRAPO. Two hundred fifty million dollars, and the information is not being utilized?

Ms. GODTLAND. Yes. As far as we know, it is not being utilized.

Senator CRAPO. Explain a little bit about why the Social Security Administration's use of this outdated occupational data is a contributing factor to its disability programs being on GAO's high-risk list.

Ms. GODTLAND. Thank you for that question. So, on our high-risk list, there are two main areas. One for SSA is managing its backlogs, and one is modernizing its eligibility criteria. The eligibility criteria are absolutely essential in deciding disability awards.

So these are make-or-break decisions for people who are needing benefits. The occupational data, in particular, are something that dates back right now to the 1990s, and even earlier to the 1970s. *The Washington Post* article, for example, highlighted one example of a vocation that still continues to be used: the pneumatic tube operator.

And we thought, oh, maybe that would be something that was not realistic, that did not really get invoked. But in fact, we just identified, in preparing for this, two recent Federal court cases where "pneumatic tube operator" was cited as a viable occupation for someone applying for disability, and part of the basis for their denial.

So this is something that is of grave concern to the individuals who are applying for benefits who are unfairly denied. It is also costing the Social Security Administration administrative costs in processing these cases, and in addition it is costing the Federal courts time and resources in processing those appeals.

Senator CRAPO. Well, thank you. It sounds to me, if they were to actually effectively utilize the data that they have spent so much money to develop, that they could actually get better results in getting benefits to recipients, and save money in the process; is that correct?

Ms. GODTLAND. Yes, that is correct.

Senator CRAPO. Well, thank you.

And, Ms. Wilschke, to shift topics here for just a moment, the Social Security Administration recently finalized a rule that they estimate will save about $1 billion in administrative costs, in exchange for an additional $19.7 billion in mandatory spending for Social Security Disability Insurance benefits and Supplemental Security Income payments on net over the next 10 years.

The question I have is, when the SSA is considering a policy change to one of its programs, how does the agency evaluate trade-

offs between the administrative savings and the increases in mandatory spending?

Ms. WILSCHKE. Thank you for the question. I am not familiar with the policy that you are talking about, but I think in general we do tend to look at how the policies would affect our beneficiaries, how the policies would affect our ability to implement the program, as well as the cost to the Federal Government. I would be happy to take that back for a fuller response.[1]

Senator CRAPO. Well, thank you. I think you have just answered this, but I just want to ask it specifically. Do you agree that the Social Security Administration has a stewardship responsibility to taxpayers, and also how is the almost 20 to 1 ratio—I guess you said you were not familiar with that specific rule. But do you believe that the Social Security Administration, in adopting these rules, needs to have a stewardship responsibility not only to recipients, but also to the taxpayers?

Ms. WILSCHKE. Yes, that is correct.

Senator CRAPO. All right.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank my colleague.

Senator Grassley is next.

Senator GRASSLEY. Yes. I am going to start with Ms. Godtland.

The Biden administration has increased spending on major disability programs by tens of billions of dollars, and they have done it through rulemaking. Throughout our Federal budget, Biden has increased mandatory spending through executive actions by more than $1 trillion. At a time of near-record debt and deficit, spending of this scale by fiat is beyond reckless.

Spending on mandatory programs and interest on the debt is now 72 percent of the Federal budget. So my question: are there open GAO recommendations that the Biden administration could implement to reduce spending and prevent waste, fraud, and abuse in Federal disability programs?

Ms. GODTLAND. Thank you for the question. Yes, there are. We have several open recommendations, regarding overpayments in particular. One that I would like to highlight relates to the overpayments that come from the dual beneficiaries who receive both FECA benefits and DI benefits. And right now, we had asked in 2015 that SSA evaluate and improve its internal controls for those beneficiaries who are receiving FECA benefits as well.

It evaluated options and identified a viable option. In fact, the benefits of this option outweigh the costs 5 to 1, which was to use a data-matching agreement with DOL to share data on those dual beneficiaries. And as far as we know, they have been engaged in ongoing discussions, but have yet to implement that recommendation. That recommendation is a priority recommendation, designated so by our Comptroller General.

And then I would also like to point to the modernization of occupation data, which was what I just discussed, which is part of our high-risk series and is absolutely essential to be addressed for SSA to be removed from our high-risk list.

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[1] When promulgating a new regulation, SSA follows OMB's guidance for complying with the Administrative Pay-As-You-Go Act of 2023.

Senator GRASSLEY. And maybe you can submit your other recommendations in writing.

Ms. GODTLAND. I would be delighted to; thank you.

Senator GRASSLEY. I am going to go to Ms. Wilschke. As I just mentioned, President Biden has greatly expanded the cost of SSI and SSDI, while doing little to attempt to rein in costs. Both Obama and President Trump proposed billions of dollars in savings by limiting duplication and overlapping special disability benefits and unemployment.

Why hasn't the Biden administration, as part of its budget request, proposed any reforms that generate savings in Federal disability programs administered by Social Security?

Ms. WILSCHKE. Thank you for your question, and I think the administration is very committed to making sure that we are administering these programs fairly. And with respect to our budget, I am happy to take that one back and get you a response for the record.[2]

Senator GRASSLEY. Okay; thank you very much.

I am going to go to Mr. Morton. There has been bipartisan interest in improving our disability program to better incentivize those who are able to return to work. This includes the Ticket to Work program, but also pilot programs implemented by SSA that test certain changes to program rules, with the intent of promoting attachment to the labor force.

So, what have we learned from these past attempts to promote work? Have certain types of work incentive programs worked better than others?

Mr. MORTON. Thank you for the question. SSA recently published a study that they commissioned, that looked at its past demonstrations over the last 20-something years. The general conclusion of that report is that, while on average many of the tests that SSA conducted to promote work helped to increase levels of employment, they did not have substantial effects on average earnings or on reducing disability benefits.

So that is kind of the bigger takeaway from SSA's demonstrations.

Senator GRASSLEY. Great.

And for Ms. Zuleger, just unrelated to this subject, but you manage three offices. What percentage of your employees come to the office 5 days a week?

Ms. ZULEGER. Five days a week, I believe—amongst the 3 offices, there are 40 employees, and I believe there are 5 who come in 5 days a week.

Senator GRASSLEY. And the others work from home?

Ms. ZULEGER. They work from home 2 days a week.

Senator GRASSLEY. Well, then they come in 3 days a week?

Ms. ZULEGER. Correct; yes.

Senator GRASSLEY. Okay; thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Grassley.

Senator Blackburn?

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[2] The Fiscal Year 2025 President's budget request ensures SSA will maintain rigorous stewardship and oversight of its programs.

Senator BLACKBURN. Thank you, Mr. Chairman.

And just following up on what Senator Grassley said, it is terribly frustrating to us that so many in the Federal workforce are still working remotely, and doing it because of the COVID restrictions, and we have such terrible backlogs. When you look at SSA, when you look at the VA, when you look at these different agencies, people cannot get answers. There are backlogs of cases, and it continues to be frustrating to the people whom we represent.

Associate Commissioner Wilschke, I want to come to you with my questions, because in Tennessee, we hear a lot about workforce and the unemployment numbers, the labor force participation rate, and the effects COVID has had on this. And everyone in Tennessee seems to have a workforce shortage.

We know there are individuals who are on SSDI who would like to return to work. That was to be the purpose of the Ticket to Work program. So, as we look at this and we look at constraints, what do we need to do, and what more do you all need to do to be certain that people who are on SSDI can work, but not be jeopardizing those benefits?

Because they are wanting to go back to work, but what they will say—and I am in every county, each of the 95 counties in Tennessee. I am there every year, and we hear this. There are people who want to work, but what if they go to work, what if they end up losing their benefits, what if they end up in a mess?

This means there is confusion, and there is a lack of consistency coming out of that program. So do we need to do something more? Do you all need to do something more?

Ms. WILSCHKE. Thank you for your question, Senator. As you have heard today, I think the complexity of our work incentives can really actually be a deterrent to getting people to work. So I think that simplifying that is certainly one step.

Additionally, I think the more we can do to inform people really about how these work incentives work and the effect of work on their benefits, that will also dispel some of the fears people have around going back to work.

Senator BLACKBURN. Okay. So how do you do that? We know—so you are defining the problem.

But then, how do you translate that to recipients and enrollees, so they know they are not going to jeopardize their benefits if they get in the workforce? Because that is what they would like, is to be back in the workforce.

Ms. WILSCHKE. Thank you for the clarification there. We do fund Work Incentives Planning and Assistance organizations that provide benefits counseling, and they explain the rules to beneficiaries, and particularly around work, how it is going to affect their benefits.

Senator BLACKBURN. How quickly can people get to those caseworkers and get that clarification?

Ms. WILSCHKE. We have a call center; they can get that. I will say that we have very limited funding. That funding has been set since 1999, and it has not increased. So I think if we had additional funding for that, we would really be able to assist more——

Senator BLACKBURN. So does it take them a day, a week, a month?

Ms. WILSCHKE. It can usually happen pretty quickly. I would say within a week if they call, they can get referred over.

Senator BLACKBURN. Within a week?

Ms. WILSCHKE. And the last thing I would say is that we do need sufficient funding and staffing to be able to process those wage reports when we get them in the field office.

Senator BLACKBURN. Okay. Let me ask you this. If people showed back up to work in person, would that help you to pick up the pace a little bit?

Ms. WILSCHKE. I think it is really a matter of having the right number of people, rather than where they are. I think——

Senator BLACKBURN. What about the right number of people who are actually working 40 hours a week?

Ms. WILSCHKE. I think they are working 40 hours a week, whether they are working remotely or in the field offices.

Senator BLACKBURN. You think so?

Ms. WILSCHKE. I do.

Senator BLACKBURN. Okay. Do you think so?

Ms. ZULEGER. Yes, I do think so. And we believe that telework should be implemented where it makes sense, as long as flexibility is given to individual offices to use it only where it makes sense, and to be able to not use it if it is not working, because on the front lines we do run into problems where there will not be enough workers in the office to serve our walk-in traffic, and we do have to recall teleworkers. And we do that regularly where needed. As long as we have those flexibilities, I do believe that those who are working on telework are working to their full capabilities.

Senator BLACKBURN. Okay; thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank my colleague.

Because of the kind relations between our two colleagues, Senator Casey will be next, and he is a sponsor of two of the bipartisan bills and also the champion of ABLE accounts, which are extraordinarily important to folks.

Senator Casey, go ahead.

Senator CASEY. Mr. Chairman, thanks very much. I want to thank our witnesses for being here, and thank Senator Whitehouse for letting me jump ahead. It does not happen every day around here.

I wanted to start with a question that I will, I think, initially direct to Ms. Wilschke and Mr. Morton. One of the disincentives to work for recipients of SSI are asset limits, of course. The $2,000 asset limit today has a purchasing power of only $630, and it is a barrier that keeps people who want to work and save out of the labor market.

I passed, in 2014, the ABLE Act, and this was one way to ensure that SSI recipients can save for the future or prepare for emergencies without risking benefits. It allows an SSI recipient to save up to $100,000 in assets, making it possible to buy a house or an accessible vehicle or even to go to college.

As of this March, about 171,000 of the over 4 million SSI recipients have opened an ABLE account and invested almost $2 billion. One hundred seventy-one thousand is a big number, but it is only about 4 percent of the current SSI recipients.

There are many policies we need to update to tear down the barriers to employment for people with disabilities. But we have a policy right now that can address the SSI asset limit, that is being of course—by virtue of those numbers I just recited—underutilized. So, I will start with Mr. Morton and then Ms. Wilschke. What can SSA do to increase awareness of and participation in ABLE accounts to address the asset limit problem currently?

Mr. MORTON. So, with respect to ABLE accounts for SSI recipients and other disability beneficiaries, SSA does provide information on its website. It has helped to sponsor certain events. It has presented co-presentations with groups that advocate on behalf of or for ABLE accounts.

But it is one—I mean, if you want to call it an incentive or a feature for SSI recipients who want to work. It is one of many, and conveying all that—the entire set of work incentives—to recipients can be difficult.

And I think that is something SSA has wrestled with over the years. It continues to do so, and it is challenging. So potentially, increased efforts at awareness would probably help boost enrollment in ABLE accounts among SSI recipients.

As of January of this year, there were about 80,000 SSI recipients who had an ABLE account.

Senator CASEY. And, Ms. Wilschke?

Ms. WILSCHKE. Thank you for the question, and I agree that ABLE accounts are really an important savings tool for people with disabilities, and I would agree with my colleague here that while it is not one of our programs, SSA does do a lot to make people aware of it through our websites, our publications.

We partner with external organizations, and I will mention that we are also embarking on a research project with some external organizations to look at ways to promote the take-up of ABLE accounts.

Senator CASEY. Well, I hope we can do a lot more, because I do not think it is nearly, nearly enough.

And I want to turn to Ms. Zuleger. You have been on the ground working with beneficiaries. Can SSA managers and field office personnel help increase awareness of and participation in ABLE accounts?

Ms. ZULEGER. Absolutely. With the correct funding and resources, we can definitely do that.

Senator CASEY. Thanks very much.

I will turn next to Ms. Godtland. The rate of the disability labor force participation has been increasing over the past 5 years, though they are still well below that of the nondisabled workforce. The Bureau of Labor Statistics reported that the May labor force participation rate for people with disabilities was 41.7 percent, close to an all-time high.

Looking back 10 years, that participation rate has increased by over 30 percent. However, the demonstration projects designed to incentivize employment among SSI and SSDI recipients show only small increases in employment. And the major program to encourage employment, the so-called Ticket to Work program, has a very low participation.

Most people with disabilities report that they want to work, of course. They also need to ensure that they have the health-care and long-term care support that they need. Ms. Godtland, I wanted to ask you: what policies should be implemented to retain the increases in disability employment we have recently seen, and to even further increase the labor force participation rate for people with disabilities?

Ms. GODTLAND. Thank you for that question. So, this very much dovetails with your last question actually, and also with the overarching theme of complexity that we are discussing today. That is, not only are the work incentives complex within SSA, we have a complex system at the Federal level.

So, an overarching policy recommendation is to make it easier for people with disabilities to have access to supports. And our prior work has identified 40 programs across nine Federal agencies that support people with disabilities, and there is limited coordination between those programs.

So, we have a recommendation, an outstanding priority recommendation to OMB to establish goals for national employment for people with disabilities, and we think that that could spur coordination across these programs and make them potentially easier to navigate and provide higher visibility for programs such as yours, the ABLE accounts, also the underutilized Student Earned Income Exclusion.

That is one option. Another is early intervention. We have not done recent work on the demonstration projects. However, we have reviewed recent literature, and a lot of what is coming out of that literature is really indicating that the best time to target an individual is before they get on the rolls.

Senator CASEY. Thank you. Thanks very much.

Ms. GODTLAND. Thank you.

The CHAIRMAN. I thank my colleague. We have the bipartisan brigade on the next round.

Senator Brown, thank you for your leadership.

Senator BROWN. Thank you, Mr. Chairman. I appreciate Senator Casey's questions and comments.

Social Security Disability Insurance and Supplemental Security Income are critical parts of our Social Security system—I think all four of you agree with that, and I think everybody around this panel does—providing a lifeline to beneficiaries who rely on them.

But the rules for these programs surely should not create barriers for people with disabilities to live and work with dignity. Outdated eligibility rules punish Americans for working, saving—even getting married. We built a broad bipartisan coalition to change that. There is now bipartisan agreement that we should remove these barriers and update the rules.

My bipartisan bill with Senator Cassidy—the SSI Savings Penalty Elimination Act—increases the asset limit for the first time in 40 years. I was speaking with Senator Harkin the other day, who was part of that 40 years ago, and he was a bit incredulous it has not been changed to remove the asset limits marriage penalty.

Senators Wyden, Casey, Hassan, Whitehouse, and Lankford are members of this committee and are cosponsors. Everyone—from

disability advocates to the CEOs of the Nation's largest banks, interestingly enough—supports it.

Ms. Wilschke, let's start with you. When Commissioner O'Malley was here earlier this year, I asked him about these rules' inefficiency. They are expensive for SSA to administer accurately. They are not a good use, surely, of taxpayer dollars.

To quote the Commissioner referring to SSI, "We spend $10 to save a nickel." Of course, it makes no sense. He said SSI is less than 5 percent of the agency's budget, but administering the rules eats up 35 percent of the resources. I assume that does not sound right to you, Ms. Wilschke?

Ms. WILSCHKE. I think that is an accurate statement, but it certainly reflects the complexity of administering the program.

Senator BROWN. Yes. SSA has identified the asset limit as the number one cause of overpayments. Is that correct, Ms. Wilschke?

Ms. WILSCHKE. That is correct. Having assets above that limit is the number one cause in the SSI program.

Senator BROWN. Ms. Zuleger, you represent Social Security managers. Based on your experience, has it been your experience that administering this asset limit takes up a lot of staff time?

Ms. ZULEGER. Yes, it does take up an extraordinary amount of staff time.

Senator BROWN. We have heard so much in the last year about Social Security overpayments. I can say confidently there is bipartisan interest in preventing overpayments before they happen. This is just one of the many reasons why updating these outdated rules is important for beneficiaries and for taxpayers.

Mr. Morton, am I correct that the asset limit does not just apply to savings in a traditional bank account? It could also be triggered by other assets like a 401(k) retirement plan?

Mr. MORTON. Correct. Forms of retirement savings, if they cannot be converted into a periodic payment, count against the resource or asset limit.

Senator BROWN. Okay. I have heard from employers that some of their workers actually turn down their company 401(k) plans because it puts their SSI eligibility at risk. That does not make sense either.

Mr. Chairman, thank you for calling this hearing. It is clear we have a lot of challenges to address when it comes to barriers to work.

I think we all agree on the importance of that. We have already identified one of the solutions—that is, raising SSI's asset limits, passing the Brown-Cassidy bill. Bipartisan experts have called the asset limit the most regressive antisavings provision in Federal law.

There is strong bipartisan agreement to raise the asset limits. I look forward to working with you and Senator Cassidy, Senator Crapo, and Senator Lankford on fixing this.

Thank you.

The CHAIRMAN. Thank you, Senator Brown. And I am very appreciative of the bipartisan work that you and Senator Cassidy have been doing. I remember a rally that was held months ago, and it is time to get action on this, and thank you for your leadership.

Senator Cassidy will be next, followed by Senator Whitehouse.

Senator CASSIDY. Thank you very much. Let's see; who should this go to? Ms. Wilschke, I had an interesting conversation with a woman I went to high school with. Her son has been disabled from schizophrenia since he was 23. That is significant, because apparently you cannot get your parents' Social Security upon their death unless you are diagnosed with your disability at 22 or younger.

Now, I am struck that under the Affordable Care Act, we have extended—and that was actually a Republican proposal that they incorporated, about the only good thing about the Affordable Care Act—you can stay on your parents' insurance until you get to age 26.

So, we kind of acknowledge that there is an extension of a youth's kind of dependence upon a parent. But if you are diagnosed with your permanent disability at age 23, you do not qualify to get the parents' help, which means that you have not lived long enough to get your quarters to Social Security to get your own money, but you do not qualify for your parents either because you qualified after 22.

Now that is kind of a long introduction, but you spoke about severely disabled children. Any thoughts about what I just proposed, and any potential solutions?

Ms. WILSCHKE. Thank you for the question. I think you raise a very complex situation that families deal with in addressing disabilities among their children, and you are correct, that in order to qualify for benefits on a parents' record you have to show that you had that disability prior to age 22.

That is in the statute, so I think that is something we would be willing to work with you on and provide technical assistance on any changes.

Senator CASSIDY. Yes, I am struck—at 22, most people will not have their 40 quarters. I'm thinking that is right.

Ms. WILSCHKE. That would be correct. However, I think young people really need less than 40 quarters to cover——

Senator CASSIDY. Say that a little louder?

Ms. WILSCHKE. Young people who are working can be insured for disability benefits with less than 40 quarters of coverage.

Senator CASSIDY. Got it; got it. Okay, that is good. Thank you.

Now, I think this has been asked before, but I have a little bit of pride of ownership, so I will do it again. Mr. Morton, I am a little frustrated. Secretary O'Malley recently said he put the brakes on updating the Dictionary of Occupational Titles, and I think someone has addressed this, but again, I will go back over it.

And I am told that the Social Security Administration spent at least $250 million modernizing the dictionary, but it is not being implemented, meaning that someone may not get SSI or SSDI benefits because SSA says they could be an elevator operator. Well, how many elevator operators are left around for someone to be?

So, Senator Brown and I introduced the Improving Employment Options for DI Beneficiaries Act, requiring an updated vocational list to be made every 3 years. That would capture new jobs in the technology space and eliminate obsolete jobs.

Can you talk about how SSA's outdated vocational dictionary negatively impacts beneficiaries' ability to either stay in the workforce or get their SSDI benefits?

Mr. MORTON. Sure. So SSA's reliance on the Dictionary of Occupational Titles, which was last updated in 1991, has certain job categories that are no longer particularly prevalent in today's workforce. And so this can affect people in different ways.

So someone may, using the older jobs data, be determined that they can perform certain older jobs that no longer exist, so they may be denied benefits, while other people may be told, well, you cannot do these older jobs, when they could actually do maybe some more newer jobs that exist in the current economy.

So they may be awarded benefits when they could actually potentially do other jobs. So there are different effects. People may be denied because of the older data, or they may be granted benefits because of the older data. And using newer data may sort of flip that around, and would presumably improve the accuracy of the determinations that SSA performs.

Senator CASSIDY. I recently met a man who is a quadriplegic, and he actually has a job as a data processor—an intelligence analyst, if you will. He would not have had that job before, but he is gainfully employed doing really good work as an intelligence analyst.

So I think that illustrates what you just said. Now I did—and you may or may not want to comment on this—but I read an interesting editorial, and it said, "The Social Security Administration's culture is about processing applications, not about promoting data quality."

And in fact, if the courts and political leaders allow SSA to continue to use the outmoded Dictionary of Occupational Titles in making disability payments, then they will just follow the path of least resistance. Do you agree with that?

Mr. MORTON. I think what I can speak to is that every year I check SSA's budget justification, all of its documents, to see what is happening with this new jobs data, and pretty much every year, there is really no new data. Like, we worked with BLS; here is what we did. But there is nothing about, what are we going to do next? So, CRS waits to hear from SSA what are they going to do next.

Senator CASSIDY. Okay; I yield.

Thank you.

The CHAIRMAN. Thank you, Senator Cassidy. And I very much look forward to going to another Brown-Cassidy press conference, where particularly your good work, in terms of increasing the asset limit—that you can go to work without losing your benefits—that is essentially what we need. And I think you and Senator Brown have summed it up very well. I look forward to working with you.

Okay. Next is Senator Whitehouse.

Senator WHITEHOUSE. Thank you, Mr. Chairman.

I would like to lead into my questions with a quick Rhode Island story about a constituent and the challenges that his daughter faced. For their privacy's sake, we will just call the daughter Mary.

She had worked for 31 years at her local Stop and Shop bagging groceries. She is a fixture at the store. She knows everybody who

comes in, people love her, she is a valued member of the team. She also has a severe learning disability due to lack of oxygen as a baby, and she relies on payments from Social Security.

In March 2022, she received notice that her benefits were cut off and that she would have to repay $17,000. You will remember that that was a time when people were having trouble coming to work, and staff were missing shifts or calling in sick. And there was Mary, always eager to help, to pick up some extra hours to help the team through. And because of that, she inadvertently went over her maximum allowable level, with no notion that that had happened. The first she knew about hitting the income limit was the letter that told her she owed $17,000 and her benefits would stop.

You can just imagine what that felt like in that family. Luckily, her parents were there to help her navigate the appeals process, but not everybody has parents available to do that. It took 2 years to get this battle resolved, and ultimately Social Security deemed that Mary was not overpaid, and she received, ultimately, a reimbursement of nearly $23,000, having gone through all this hell and nonsense.

So she was frightened enough, and the whole thing was such an unpleasant experience that she has actually reduced her hours, just to steer well clear of having to go through that ever again, which I do not think is the behavior we want to encourage in people in Mary's situation.

So you know, I have this lived experience of a constituent who, frankly, really got screwed by the system here. And we see it not only with Social Security disability benefits, but we see it with a lot of benefits, where you are going along fine, and suddenly there is a cliff, and the cliff is very, very steep and very, very dramatic in its effects.

I would love to have each of your thoughts—perhaps as a question for the record so you have time to sit down and think about it and write something—about whether we should be considering a more broad solution to the cliffs problem that allows, for instance, senior Cabinet officials to take a look at a terrible cliff and work around it, just in the interest of humanity and good common sense. What guard rails should be set up around that process? Should it be under the APA as part of rulemaking, so that people have a chance to provide appropriate notice and comment?

But over and over and over again, I see people innocently slamming into the cliffs problem and unintended and unfair damage being created in their lives.

I would also—I guess, Ms. Zuleger, if you would not mind commenting on—she did not appear to have hit the asset limit problem, although that is a pretty easy one to hit at $2,000. Even a clunker gets you over $2,000. I am a supporter of Senator Brown's and Cassidy's hike of that to $10,000 for individuals and $20,000 for married couples. But I assume that you would see that as a similar problem that we should also try to find a solution for?

Ms. ZULEGER. Thank you for the question. Your example very similarly matches my testimony and the example that I gave in that testimony. And it does sound like, without having the details,

that individual is probably on SSDI, where the cliff exists, because SSI does not have that same cliff drop-off as we could term it.

Senator WHITEHOUSE. Yes, it was SSDI.

Ms. ZULEGER. Yes. I do believe that there should be some considerations there, and it sounds very much like the example that I gave in my testimony as well.

Senator WHITEHOUSE. And should we treat the asset limit similarly?

Ms. ZULEGER. So, the asset limit does not exist for SSDI. It is the earnings and how those earnings are treated. And just on the surface, it does sound like that individual probably had some subsidies involved from that employer, and once those subsidies were developed, that may be why it was determined that she was eligible in the end.

The example that I gave did indicate that sometimes we have a very hard time getting proof of subsidies from employers, and we cannot make assumptions. We have to have the proof because we do not have any sort of medical background, and so we have to have proof from employers that subsidies exist.

Senator WHITEHOUSE. Thank you, Chairman. It made no sense, did nothing but harm to have Mary thrown off the program. I applaud your efforts to bring a common-sense solution so that kind of really cruel stupidity does not happen so often.

The CHAIRMAN. Well, thank you, Senator Whitehouse. And put me down, Senator Whitehouse, as your first volunteer to be part of this effort to look at the cliffs. I mean, this cliffs issue, even by Washington, DC standards, is bizarre, and I just look forward to working with you.

I just told the Finance staff, we are all in to proceed in a thoughtful way. And nobody has looked at it.

Senator Warren?

Senator WARREN. Thank you, Mr. Chairman.

So, in 1972, Congress established the Supplemental Security Income, or SSI, so that people with disabilities could live in dignity and be somewhat self-supporting by getting a monthly cash payment. And it is now a critical lifeline for about 8 million Americans. But the problem is that these outdated rules have stranded 4 out of every 10 people who receive it in poverty and unable to work. So I want to walk through an example, just to make sure we are in on the numbers.

A young woman living with disability who receives the average SSI payment—which was about $698 a month last year, well below the poverty line—she picks up a remote minimum-wage graphic design job for 8 hours a week, allowing her to take home another $232 a month, still leaving her well below the poverty line.

Ms. Wilschke, you are an Associate Commissioner at the Social Security Administration. Say that SSA sees that this woman is earning $232 from her job each month, on top of her SSI benefits. Under current law, can she keep the $232?

Ms. WILSCHKE. Thank you for the question. She would keep part of it, but her benefit would be reduced.

Senator WARREN. And how much—how much?

Ms. WILSCHKE. She can keep the first $85 and half of the rest.

Senator WARREN. So she gets $85, that is the amount she can keep from her work, and after that for every $2 she earns, what happens to her Social Security benefit?

Ms. WILSCHKE. It would go down by $1.

Senator WARREN. It goes down by $1. And then it gets worse. We have talked about another part of this cliff. Say she works for a few hours each week. She manages to put a little money aside. She wants to put down a deposit to try to get an apartment.

And between her savings and SSI and her job, she manages to save just a little over $2,000. Now, when SSA sees that she has over $2,000, just walk us through what happens, Ms. Wilschke.

Ms. WILSCHKE. Generally speaking, if she has liquid resources above the asset limit, she would not be eligible at least for that month.

Senator WARREN. So she loses all of her benefits at that point?

Ms. WILSCHKE. Right.

Senator WARREN. So she is done at that point.

Ms. WILSCHKE. Yes.

Senator WARREN. So, SSI rules mean that this young woman cannot afford to save for an apartment, she cannot take a part-time job without jeopardizing her benefits. And having to continuously tow the monetary line here in order to keep her existing payments, I think is a minefield, as Senator Whitehouse has just pointed out, especially for an individual with a disability.

So, it is not just hard for SSI recipients, which we have been talking about. I want to talk about what it does for SSA. Associate Commissioner Wilschke, how does the complexity of SSI's eligibility rules impact the Social Security Administration and your administrative costs?

Ms. WILSCHKE. Thank you for the question. Yes, SSI is complex for us to administer, and so, while SSI payments only make up about 4 or 5 percent of our benefit outlays, they do make up about a third of our administrative budget.

Senator WARREN. So you are spending a third of your budget to track down people who now have $2,010 in total assets or who have made $100 more than the $85 that they were entitled to earn without triggering this.

You know, SSI is supposed to keep Americans with disabilities out of poverty, but it offers below-poverty-level support. It punishes people for working, and it punishes recipients for savings, all while the Social Security Administration is spending big dollars in order to administer this system.

So I think we have all been talking about the importance of making changes here. I am working with Senator Brown and others on this committee to pass the SSI Restoration Act, which would raise the benefit rate and help fix these outdated rules.

I am glad to see that there is bipartisan support for raising the asset limits so that SSI beneficiaries can save more than a few pennies without fear of losing their benefits, and so that the Social Security Administration can just spend less time administering all of this.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank my colleague.

Here is where we are. We are going to have a vote in a few minutes, but we are going to get to every member who wants to be heard on this issue, because it is so important. Senator Cortez Masto will be next, then Senator Cantwell. And let the word go out to everybody on both sides that we are here, but we are going to have to get everybody in before the vote is over.

Senator Cortez Masto?

Senator CORTEZ MASTO. Thank you, Mr. Chairman.

Ms. Wilschke, let me talk to you about some of our Tribal challenges that I hear from some of our members in Nevada. The Tribes in Nevada and across this country have established programs to help elders and disabled individuals remain on the reservation and in their homes, offering support such as housing assistance. Unfortunately, the Social Security Administration has reduced Supplemental Security Income for these individuals by counting Tribal welfare assistance as income. I am working to reintroduce a bill that would ensure Tribal general welfare benefits are not unfairly categorized as income affecting Supplemental Security Income eligibility or benefits.

I think our Tribal communities deserve fair access to SSI. So my question to you is, would clarifying the Tribal general welfare benefits help the SSA better support our Tribal members' access to their full SSI benefit?

Ms. WILSCHKE. Thank you for the question. I am actually not familiar with the details of the Tribal policies and how those benefits are counted. But I would be happy to take that back, and we can get you a full response on that.[3]

Senator CORTEZ MASTO. Please do, because it is something that, again—and I am all about addressing the cliff, because there is definitely concern here. But quite often our Tribes are left behind on so many levels, and this is one area we are working on with them.

I want to make sure that they have access—full access as well. So I look forward to working with you. I do not know if anybody else on the panel has experience with this. Happy to hear from you as well.

Ms. ZULEGER. Yes, thank you for the question. In our area, we actually do serve many Tribes, and there is this problem that exists, and I do think that clarification would help in this area.

Senator CORTEZ MASTO. Thank you; I appreciate that.

Let me ask, Ms. Godtland: the fear of losing Medicare or Medicaid benefits presents a significant barrier to employment for disability beneficiaries, undermining efforts to increase workforce participation and, quite honestly, economic independence.

GAO's 2021 report on Ticket to Work examined the impact that the concern of losing medical benefits has on employment. Can you expand on some of the key findings and implications of that report, and information that we should be aware of?

Ms. GODTLAND. Absolutely. So in fact, the Ticket to Work program—we conducted a large cost-benefit evaluation of this program

[3] The Social Security Act does not currently prescribe an income exclusion for the Tribal general welfare benefit payments defined in section 139E of the Internal Revenue Code. Thus, SSA must count Tribal general welfare benefit payments as income under the SSI program. SSA stands ready to provide technical assistance on any draft or introduced legislation on this topic.

from 2002 to 2015. We were constrained by the data. That was the most recent available data, and what we found was that the estimated cost exceeded the benefits by about $806 million over that period, and that there were net losses to the program every year over that time horizon.

We also found that about 5 percent of eligible participants over the course of those years participated in the program. Five percent of eligible beneficiaries participated, and at the participant level, we found modest results. So, participants' average earnings were about, we estimated, $2,451 more per year than similar nonparticipants 5 years after participating in the program. And approximately 5.1 percent of participants left the rolls after 5 years of starting the program, compared with 2.4 percent of similar nonparticipants.

Senator CORTEZ MASTO. So, based on your analysis, what do we need to know in Congress? In response to that, what should be our action?

Ms. GODTLAND. Yes; okay. So the bottom line, both with the Ticket program as well as these most recent demonstrations, is that individuals do not want to lose their benefits. They will work right up to the point where they do not lose their benefits.

And what we see from the demonstrations and research around that—which GAO did not conduct, I should say; this is based on literature—is that some of these demonstrations actually did increase employment, workforce participation, earnings. But none of them resulted in savings. None of them resulted in people getting off the rolls.

Senator CORTEZ MASTO. Interesting. Thank you.

I appreciate it, and thank you to the panelists for being here. I appreciate your insight as well.

The CHAIRMAN. I thank my colleague from Nevada. And let me say, Ms. Wilschke, I am also a cosponsor of my colleague's very important bill, and I think we are going to need to get your response to her legislation, which she asked you for, soon. So can we say in 2 weeks, we will have a response from you?

Ms. WILSCHKE. Yes.

The CHAIRMAN. Very good. I thank my colleague.

Senator Cantwell?

Senator CANTWELL. Thank you, Mr. Chairman.

I wanted to ask, Mr. Morton, under the current law, Supplemental Security Income beneficiaries cannot have more than $2,000 in declared assets in order to maintain their SSI. Married couples can have only $3,000, so they must limit that to maintain eligibility.

This limit has not changed since 1983, and it has not been adjusted for inflation. So, I think it is an incredibly low threshold. I have constituents who have told me that they have been forced to spend down their assets or decline a pay raise in order to meet the eligibility. In addition, people with disabilities who want to get married often choose not to because they can have $4,000 in total assets as unmarried partners, compared to just $3,000 as a married couple. So I think it is a disincentive. These policies have not been changed——

Do you agree that the current asset limitation is too low and outdated for where we are today?

Mr. MORTON. So, the current SSI asset limits, both for individuals and for married couples, were last changed in law in the early 1980s, and have been in place since 1989.

There are a number of proposals in the current Congress to raise those asset limits. In addition, some proposals would equalize or sort of double the amount for married couples relative to single individuals. The current law treatment is sometimes described as a marriage penalty, and so this would potentially address that issue by doubling the amount of assets that married couples could have relative to single individuals.

Senator CANTWELL. Is that what you think we should do: double the number?

Mr. MORTON. While CRS does not provide recommendations, that is something that a number of members of Congress have expressed interest in.

Senator CANTWELL. Do you think we should increase the limit based on today's cost of living?

Mr. MORTON. That is another proposal, so not only to sort of raise these limits, because they have been in place since the late 1980s, but then also index them to inflation by the same cost of living adjustment that applies to Social Security benefits.

Senator CANTWELL. Okay.

Ms. Wilschke, the Social Security Administration has tested several demonstration programs to promote work incentives, with the goal of increasing disability beneficiaries. One of these programs is the Promoting Opportunity demonstration that was created in the Bipartisan Budget Act of 2015.

For every $2 a beneficiary earned above the threshold, their benefits were reduced by $1. After 3 years, the demonstration concluded that there was no discernible difference in average earnings and disabilities. Could you please explain this demonstration program and what was not able to be achieved, and what is different from where we are today?

Ms. WILSCHKE. Thank you for the question. The Promoting Opportunity demonstration was really addressing the issue of the cash cliff that has been discussed here, where people could lose all of their benefits if they worked above certain thresholds.

So, by allowing people to maintain part of their benefits while they were working and kind of gradually reduce their benefits as their earnings increased, the hope was that we would see more people increasing the earnings and leaving the rolls.

As has been cited, I think while we have seen some increase in earnings, we did not see those really large changes, and we also saw that benefits, the cost to the government, increased.

Senator CANTWELL. So what do you think we should do?

Ms. WILSCHKE. I think it is a challenging situation. One thing we know is that when we ask our beneficiaries why they are not working, the number one reason that they give us is their health. So, I think it is something we need to keep in mind: how we can support people who may be able to work part-time or maybe to do some work without being able to completely leave the rolls.

Senator CANTWELL. And so you do not think this demonstrated some information about the actual numbers or the benefits and the work experience? You are saying, look at something that is more part-time is what you are saying? Come up with a formula that fits more part-time work?

Ms. WILSCHKE. Thank you for the question. I think the Promoting Opportunity demonstration had some positive results, but it really did not lead to the number of people leaving the rolls that some people may have expected.

Senator CANTWELL. And where would you go from here is my point?

Ms. WILSCHKE. We would be happy to work with you on coming up with ideas.

Senator CANTWELL. Okay. Anybody else on this point? No.

Well look, Mr. Chairman, I think this is an important aspect of what we are trying to do. We have great programs in the Pacific Northwest, used by many companies, of people with disabilities working. So I think getting this right and maximizing it is the best thing.

So, thank you, Mr. Chairman.

The CHAIRMAN. As usual, my colleague is probably too logical for this whole debate. But I think you, and what Senator Casey was talking about with respect to ABLE accounts, are onto some really promising things. We thank you for the good work.

Okay. I think we have a colleague or two on their way, so I do not want you to think I am just going to filibuster until they show up. But I have one question I do feel strongly about.

Ms. Wilschke, Commissioner O'Malley has made significant strides to support Americans currently dealing with this overpayment issue we have talked about at some length today, because we've got to prevent them in the future, because of the trauma that people go through.

I have seen it, and Ms. Godtland said, here is somebody who has an overpayment of $28,000 and is trying to figure out how in the world they are going to be able to pay the bills and get through the day. So we have to get this resolved.

Now, one of the initiatives that I have been pursuing vigorously as chairman—and actually before I was in this position—is getting the payroll information exchange up and running. That was something that I authored back in 2015. That was the law that I authored. Now I understand that Social Security is still reviewing public comments for the data exchange, which is so key to finally turning around this overpayment issue.

We are going to go to Senator Hassan in just a minute, but can you give the Finance Committee some sort of estimated timeline for this exchange to be online, so that people see that we are actually making concrete progress today in terms of dealing with these issues?

What is your take in terms of the timeline?

Ms. WILSCHKE. Thank you for your question. As you said, we did issue in our formal notice our plans to use the payroll information exchange in February, and we are continuing to review the public comment.

I do not have a timeline to share with you today, but I can assure you that our Commissioner is very committed to making sure of this data, and I would be happy to take that back and get you——

The CHAIRMAN. When is the public comment issue going to be dealt with, because that in and of itself would be a bit of concrete information that we are moving ahead?

Ms. WILSCHKE. I would be happy to get you a response for the record.[4]

The CHAIRMAN. Could you? I would like an answer to that question within a week. I want to have a sense of where the timeline is. I wrote that law in 2015. Commissioner O'Malley is off to a strong start. This is one of the key parts of it, and just a sense of where the timeline would be on that key issue, that is essential.

Senator Hassan has been interested in this, as well as a lot of my colleagues who are going to get us on top of the overpayment issue and reduce it.

Senator Hassan?

Senator HASSAN. Thank you very much, Chair Wyden, and I want to thank you and Ranking Member Crapo for having this hearing. And to our witnesses, thank you for being here. Thank you for the work you do.

Associate Commissioner Wilschke, I want to start with a question to you. Social Security Disability Insurance supports individuals with disabilities who are unable to engage in substantial employment because of their disability. We know that some work-limiting disabilities such as schizophrenia or bipolar disorder are often diagnosed in early adulthood.

I know Senator Cassidy gave you an example earlier about a constituent of his who had a diagnosis in early adulthood. As you know, Senator Cassidy and I are introducing the bipartisan Fairness for Disabled Young Adults Act, which would increase the age threshold for SSDI disability diagnoses for adult children from age 22 to 26.

So, can you please give the committee a sense of how the timing of a disability diagnosis figures in the process a family has to go through to apply for SSDI benefits for their adult children with disabilities?

Ms. WILSCHKE. Thank you for the question. As you state, an individual has to have a disability that is established before age 22 in order to qualify for disabled adult child benefits on the parents' record.

Senator HASSAN. Right, right. So obviously, again, if you have a diagnosis at age 23 or 24, you are suddenly in a different category, unable to essentially use your parents' record?

Ms. WILSCHKE. That is correct.

Senator HASSAN. All right; okay. Another question for you, Associate Commissioner, and it follows up on what the chair was just talking about. The committee has worked across the aisle on ways to prevent undue harm on Social Security recipients when they receive overpayments.

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[4] SSA expects to roll out the Payroll Information Exchange (PIE) in phases following publication of the final rule. The timing will incorporate a legally required 60-day delay from publication to implementation as well.

Recipients are often unaware that they were overpaid by the Social Security Administration until the agency requires them to quickly pay back hundreds or thousands of dollars. Senator Cassidy and I wrote a letter on this issue, and the agency announced in March that it would change its overpayment recovery process to better protect the vulnerable from significant financial harm.

How has the rollout of the improved process gone, and what impact do you expect it to have on beneficiaries and agency operations?

Ms. WILSCHKE. Thank you for the question. And as you know, Commissioner O'Malley has been very committed to addressing overpayments, and we have made several changes. The rollout of that is outside of my purview, but I would be happy to take that back for a response.[5]

Senator HASSAN. Okay. Again, I will just add to what Senator Wyden was asking about here. We really would like an update to really understand how it is working. I am seeing Ms. Zuleger say that she might have something to add here.

Ms. ZULEGER. Yes. I can give you the perspective from the front line, from the field offices. The rollout was welcome.

It was a change that we really appreciated, even on the front lines as employees, because we do recognize what a hardship it is for individuals. And to be able to say that only 10 percent is going to be withheld instead of the whole benefit is a welcome relief, and the rollout has gone fairly smoothly from the front lines.

Senator HASSAN. Well, thank you, and thank you for that insight. I really appreciate it.

I have a question for Ms. Godtland. Social Security work incentive programs are complex and can be hard to navigate. Congress created programs like the Work Incentives Planning and Assistance program to provide SSDI and SSI beneficiaries with trusted expert counseling on navigating the system's complexities.

How effective has the program been, and what improvements do you recommend?

Ms. GODTLAND. Thank you for the question. We agree that WIPA is an important program that should be examined. GAO has not conducted an independent evaluation of the impact of WIPA. It has come up in a number of our reviews, including on transitioning youth.

We have heard that counseling services can be very beneficial in understanding how to access complex Federal work incentives. However, we also have recent information from the literature in at least one demonstration project that SSA tested, where they tested variations in the intensity of WIPA, and found no significant differences in employment outcomes.

So we believe that this is another area that could be potentially beneficial for GAO to look into.

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[5] Over the last 11 months, SSA has taken several actions to address overpayments. For example, we lowered the default amount we withhold from an overpaid beneficiary's monthly benefit from 100 percent of the benefit to 10 percent (but not less than $10 a month). As part of the rollout of this withholding change, we gave individuals who are currently repaying an overpayment at a rate greater than 10 percent the option to request a lower rate of recovery. So far about 37,000 people have contacted us and gotten a lower rate. We have heard from countless beneficiaries how appreciative they are of this and other overpayment-related changes we made. For many, they are life changing.

Senator HASSAN. Thank you very much. And, Mr. Chair, I yield the rest of my time.

The CHAIRMAN. I thank my colleague. I look forward to working with her on these issues.

Senator Barrasso?

Senator BARRASSO. Thank you, Mr. Chairman.

First, Ms. Godtland, I have the same concerns as Senator Hassan just had. And Senator Hassan just asked questions related to the overpayments and the Social Security Administration. So, when you get back to her, I would love to have those same answers, but I have very similar questions. This is a bipartisan concern that is shared by——

The CHAIRMAN. Senator Barrasso, I do not want to interrupt you, but I asked this question, and we will share all the answers—you, Senator Hassan, and I. Go ahead.

Senator BARRASSO. Thanks, Mr. Chairman.

Ms. Wilschke, for more than a decade I have been very concerned and carrying what I believe is common-sense legislation to help individuals who have terminal illnesses receive timely access to their earned disability benefits.

For someone who is diagnosed with a terminal illness and given less than 6 months to live, they are literally running out of time. That is why I have sponsored bipartisan legislation—the Expedited Disability Insurance Payments for Terminally Ill Individuals Act—and been joined in the past by Senators from this committee on both sides of the aisle, to fix this massive problem.

The bill ends the 5-month disability insurance waiting period for those diagnosed with a terminal illness who have less than 6 months to live. In 2023 alone, more than 30,000 people died waiting for disability decisions to come from Social Security. That is even before their 5-month wait begins.

So a policy that forces people with a terminal illness to wait 5 months when they do not really have another 5 months is terrible policy. For people with terminal illness, they usually cannot work at all. On top of the loss of income, they have enormous expenses for medical treatments. Other unexpected costs kick in.

In many cases, spouses, family members, have to take time off just to help support that individual. No reason for someone who has paid in to have to wait 5 months, especially when they do not have that much time left. So Congress rightfully terminated the 5-month waiting period for people with ALS in 2020.

Can you explain why it would make sense for Congress to make a similar common-sense exception for terminally ill individuals with less than 6 months to live?

Ms. WILSCHKE. Thank you for your question, and we would be happy to work with you on technical assistance on your legislation to address that issue that beneficiaries are facing in accessing their benefits.

Senator BARRASSO. Yes, but beyond working with me on it, can you explain to the people who are watching why it would make sense for Congress to make a common-sense exception for terminally ill individuals?

Ms. WILSCHKE. I think people who are terminally ill are not going to be able to receive their benefits for long periods of time.

And so, having quicker access is going to help them in those last few months.

Senator BARRASSO. Okay.

Mr. Morton, how can we improve an individual's well-being? You know, you mentioned in your testimony a report titled "Lessons from SSA Demonstrations for Disability Policy and Future Research." The report—I think it had an interesting discovery concerning the nonmonetary benefits of work. The researchers found, even without much of an increase in earnings, greater employment could reflect improvements in well-being for SSI beneficiaries and recipients.

Forty-five percent of beneficiaries and recipients reported they had significant goals that included working and advancing their careers. For some, their disability is an enormous impairment to achieving their career goals and returning back to work.

There are also those for whom going back to work is the very thing they need to improve their mental health, their personal well-being—not the money side of it, but the other aspects of their identity in terms of the value of work. For those who want to get back to work and whose condition may have improved enough to take on more employment, what seems to be the biggest barrier for them to return to work?

Mr. MORTON. So studies, when they have surveyed beneficiaries, many will say, yes, work is a goal for them. They look forward to work. But when they are asked the reasons why they cannot work or why they stopped work, the most frequently cited reason is their physical or mental condition.

And so, disability for some may be episodic. They may have months or even years where they can work some, to some degree, but then their disability becomes severe again, and they cannot work for extended periods. And so, this can cycle.

So oftentimes, it is their impairment. But it can be inaccessible workplaces, the fear of working too much and maybe losing those benefits, particularly health-care benefits, which are sometimes double the value of the cash benefits. Those are some of the barriers that I think beneficiaries frequently cite as the reasons why they stopped working or do not work.

Senator BARRASSO. So, Ms. Wilschke, what reforms could be made to SSDI to help encourage recovery and a return to work, instead of ongoing dependence?

Ms. WILSCHKE. Thank you for the question. I think we know that our work incentives are very complex, and so simplifying them, making them easier for people to understand, while maintaining those protections that I think are so important.

That is really a balance to get it right, to simplify it, to continue to allow that ongoing eligibility, and consider the cost effect of those. That is what we need to do.

Senator BARRASSO. Thank you, Mr. Chairman.

The CHAIRMAN. I thank my colleague, and I thank all four of you.

We have been at this for a couple of hours, and you know, I think my take is that it is clear that there is bipartisan support for these changes. I do not know of anybody who has told me they get up in the morning and just say, we do not want these programs, and they are just a bad idea, and all the rest.

I think, as I said a couple of hours ago, the laws on the books, when it comes to work and Social Security, are bureaucratic, suffocating, mindless straitjackets that make it almost impossible to work while maintaining eligibility for benefits.

And despite all the good intentions, I am walking out of here basically saying that is still what we have to change. It is time to do it. We have a new Commissioner who has told me personally—and at the witness table—that he is committed to getting it done, which is why, as I asked Ms. Wilschke and my colleagues followed up, we want to work with the agency on this time table to get the payroll exchange up and going, because that is one of the key kind of aspects of ending these overpayments and reducing them in the future.

So I put this as a conversation to be continued. It is a conversation where everybody is going to have to do better, and certainly those of us on the dais want to do it. It is clear that you all are committed to doing it. Now we've just got to come together and get it done.

With that, the Finance Committee is adjourned.

[Whereupon, at 11:57 a.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF HON. MIKE CRAPO, A U.S. SENATOR FROM IDAHO

Thank you, Mr. Chairman, for holding today's hearing examining how work can affect eligibility for Social Security Disability Insurance (SSDI) benefits and Supplemental Security Income (SSI) payments. This is an important topic and one that the Finance Committee has not examined in many years.

Individuals who receive Social Security disability benefits and want to work should be afforded that opportunity. Unfortunately, that is not always the case, and these individuals often face multiple challenges when attempting to rejoin the workforce.

One of the challenges stems from the concern that if they resume working, they will lose access to their disability benefits and health insurance. There are provisions in place intended to help the transition, such as allowing SSDI beneficiaries to try working without immediately losing their benefits, and extensions for health insurance coverage if their disability benefits stop due to work. However, these work incentives are complex and not well understood.

I look forward to a discussion about what more can be done to improve awareness and understanding of the current work-related rules and incentives.

Proposals to modify disability program rules to reduce barriers to work also merit serious review. However, we must be clear on the costs and other trade-offs that come with a given simplification proposal. The Social Security Administration's recent track record of finalizing rules that increase mandatory spending by billions of dollars should not be the framework for program reforms.

Work-related overpayments represent another challenge that many individuals with disabilities face if they try returning to work. Work-related overpayments can occur when the Social Security Administration does not receive or process earnings information in a timely manner and adjust an individual's benefit amount accordingly.

To help reduce the reporting burden on individuals and provide the Social Security Administration with timely earnings information, the Bipartisan Budget Act of 2015 allowed the agency to enter into an information exchange with a payroll data provider. In February, after years of delay, the Social Security Administration issued a proposed rule describing the agency's planned implementation of this provision.

The proposed rule represents progress, and I urge the Social Security Administration to continue taking the steps necessary to implement this exchange. Although this new payroll information exchange will help, it will not include earnings information for all disability beneficiaries. The SSA must continue identifying ways to prevent—or limit—work-related overpayments before they occur.

While barriers to returning to work are an important part of today's hearing, this is not the only way an individual's work activity can affect the individual's eligibility for disability benefits. The Social Security Administration uses a five-step process to determine eligibility for disability benefits. The fourth step in this process evaluates whether an individual can still perform past relevant work. If not, then the fifth step evaluates whether the individual can perform any other work that exists in the national economy.

The SSA continues to rely on woefully outdated occupational data to make these determinations. This data both includes jobs that no longer exist in significant numbers and excludes jobs that do. It also does not accurately reflect how jobs are actually performed in today's economy. The Social Security Administration has already invested substantial time and resources into developing an alternative to this outdated occupational data, and I continue to urge the agency to move this project forward, as it is vital to ensuring applicants get an accurate disability decision.

Thank you to the witnesses for being here today, and I look forward to your testimony.

PREPARED STATEMENT OF ERIN M. GODTLAND, ASSISTANT DIRECTOR,
EDUCATION, WORKFORCE, AND INCOME SECURITY,
GOVERNMENT ACCOUNTABILITY OFFICE

June 18, 2024

SSA Disability Programs: Work Incentive and Modernization Challenges Remain

GAO–24–107614

GAO Highlights

Why GAO Did This Study

In 2022, over 11 million working-age adults received approximately $170 billion in disability benefits from SSA's DI and SSI programs—two of the largest Federal disability programs. DI provides benefits to individuals with disabilities who have a qualifying work history whereas SSI gives benefits to those with disabilities who have low income and limited resources. SSA has undertaken several efforts to encourage employment for individuals who receive disability benefits and want to work.

This testimony describes: (1) the incentive structure SSA beneficiaries face in returning to work, and (2) SSA's challenges in overcoming work disincentives and modernizing its disability programs. This statement is based on reports GAO issued from 2008 to 2024, relevant SSA and Inspector General reports, and academic research. GAO also conducted follow-up work on implementation of its prior recommendations.

What GAO Recommends

SSA needs to fully implement GAO's three recommendations to address overpayments. Implementation of the priority recommendation to strengthen internal controls related to the concurrent receipt of DI and FECA benefits is particularly important to reducing overpayments.

What GAO Found

Previous GAO reports have consistently found three key disincentives to work faced by Social Security Administration (SSA) Disability Insurance (DI) and Supplemental Security Income (SSI) beneficiaries: (1) loss of cash and medical benefits, (2) overpayments, and (3) complexity of rules surrounding work.

- **Loss of cash and medical benefits.** When disability beneficiaries return to work and earn income, they must report these earnings to SSA so that their benefits can be adjusted. As detailed in prior GAO reports, disability beneficiaries who earn over a certain income threshold may be at risk of eventually losing their cash and medical benefits. This risk triggers fear among beneficiaries that they will lose these benefits—a key impediment to incentivizing increased work.
- **Overpayments.** Another disincentive to returning to work is the potential for benefit overpayment, which can result in beneficiaries incurring debt to SSA. Overpayments can occur when beneficiaries fail to report earnings or SSA delays processing changes in earnings, and beneficiaries continue to receive benefits. A 2019 SSA publication estimated that 70 to 80 percent of DI beneficiaries with earnings sufficient to affect their benefits received overpayments. These overpayments can amount to thousands of dollars—a hardship for many.
- **Complexity of rules surrounding work.** GAO reported in 2021 that an expert panel convened by SSA found that the complexity of work rules con-

stituted a barrier to returning to work for beneficiaries and an administrative challenge.

SSA has been attempting to address work disincentives, but these efforts have yielded limited results. For example, SSA has undertaken numerous research efforts—known as demonstrations—to test changes to its disability programs that could encourage disabled beneficiaries to work. However, academic research determined that 11 of these demonstrations resulted in little savings and almost no beneficiaries exiting the DI program.

SSA is taking steps to prevent overpayments. In its most recent annual performance report, SSA outlines its plans to automatically collect wage information from payroll data providers and to modernize its debt management system. GAO has also made several recommendations to address overpayments. Three of these are not yet implemented, including a 2015 priority recommendation to strengthen internal controls to prevent DI overpayments due to concurrent receipt of Federal Employees' Compensation Act (FECA) benefits.

GAO has previously reported that SSA has struggled to address challenges and modernize its disability programs. Accordingly, SSA's disability programs have been on the GAO High Risk List since 2003. Among the additional challenges are improving disability claims processing, retaining experienced staff, and updating occupational data to evaluate the capacity for work.

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

I am pleased to be here today to discuss work incentives and challenges in Social Security Administration's (SSA) disability programs.

In 2022, over 11 million working-age adults received approximately $170 billion in disability benefits from SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs—two of the largest Federal disability programs. Although the DI and SSI programs use the same definition of disability for eligibility purposes, they serve different populations. DI provides benefits to individuals with disabilities who have a qualifying work history. In contrast, SSI provides benefits to individuals with disabilities, the blind, and the aged, who have low income and limited resources, and does not require a work history. SSA has undertaken several efforts to encourage employment for individuals who receive disability benefits and want to work.

This testimony describes: (1) the incentive structure SSA beneficiaries face in returning to work, and (2) SSA's challenges in overcoming work disincentives and modernizing its disability programs. My testimony is based primarily on reports we issued from 2008 to 2024.[1] We also reviewed applicable SSA and academic reports and SSA updates on implementation of our prior relevant recommendations.

We used multiple methodologies to conduct the work for our prior reports. We previously analyzed SSA data; reviewed relevant Federal laws, regulations, and guidance; reviewed key agency documents, such as SSA's strategic plan and annual performance reports; reviewed academic literature and relevant government reports; and interviewed SSA officials.[2] Our analysis of SSA's Ticket to Work and Self-Sufficiency program (Ticket to Work or Ticket)—a voluntary program established to assist individuals with disabilities to obtain and retain employment, and reduce

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[1] This statement is also based on updates to actions SSA has taken to address past GAO recommendations we obtained in March 2024 and from reviewing SSA reports and guidance. Prior GAO reports include GAO, *Social Security Disability: Management Controls Needed to Strengthen Demonstration Projects,* GAO–08–1053 (Washington, DC: September 26, 2008); GAO, *Disability Insurance: Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation,* GAO–15–531 (Washington, DC: July 8, 2015); GAO, *Disability Insurance: SSA Needs to Better Track Efforts and Evaluate Options to Recover Debt and Deter Potential Fraud,* GAO–16–331 (Washington, DC: April 13, 2016); GAO, *Payment Integrity: Selected Agencies Should Improve Efforts to Evaluate Effectiveness of Corrective Actions to Reduce Improper Payments,* GAO–20–336 (Washington, DC: April 1, 2020); GAO, *Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs,* GAO–22–104031 (Washington, DC: October 28, 2021); GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to be Maintained and Expanded to Fully Address All Areas,* GAO–23–106203 (Washington, DC: April 20, 2023); and GAO, *Priority Open Recommendations: Social Security Administration,* GAO–24–107312 (Washington, DC: May 28, 2024).

[2] More information on the scope and methodology of our work is contained within each of the published reports.

their dependency on benefits[3]—compares outcomes for Ticket participants to a statistically matched group of similar nonparticipants.[4]

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

SSA Disability Programs

To become eligible for DI or SSI benefits, an individual generally must have a medically determined physical or mental impairment that (1) has lasted or is expected to last at least 1 year or result in death, and (2) prevents the individual from engaging in substantial gainful activity (SGA).[5] For 2024, SSA defined SGA as earning above $1,550 per month for nonblind individuals.

Work affects benefits differently in the DI and SSI programs. DI beneficiaries are allowed a 9-month trial work period during which their benefits continue regardless of how much they earn.[6] They then move into a 36-month reentitlement period (extended period of eligibility) in which their monthly benefit is suspended except in months in which earnings are less than SGA.[7] Recipients whose earnings are above SGA after they complete the 36-month period stop receiving benefits and are removed from the disability rolls. DI beneficiaries' Medicare coverage generally continues for at least 7 years and 9 months after the trial work period ends.

In contrast, SSI benefits are generally reduced by $1 for every $2 of earned income exceeding $65 per month until benefits reach zero (referred to as a $1 for $2 benefit offset).[8, 9] If SSI beneficiaries receive no benefits for 12 consecutive months due to earned income, they are regarded as removed from the rolls.[10] Medicaid can continue if they continue to satisfy SSI asset limits, among other conditions, and need the coverage to work.

If a beneficiary loses DI or SSI eligibility due to work earnings, SSA may restart benefits without a new application under expedited reinstatement within 5 years of benefit loss. This provision allows individuals to receive up to 6 months of provisional benefits while SSA conducts a medical review.

When disability beneficiaries return to work and earn income, they must report these earnings to SSA. Benefit overpayments can occur when beneficiaries do not report their earnings or when SSA does not take timely action to adjust benefits based on reported earnings. If SSA determines an overpayment occurred, it requests repayment or withholds the overpayment from the beneficiary's monthly benefits. SSA also notifies the overpaid person that they may request reconsideration, a waiver, or both.

Return to Work Efforts

Under Federal law, SSA has the authority to conduct research efforts—known as demonstrations—to test the effectiveness of possible changes to its DI and SSI pro-

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[3] *See* Pub. L. No. 106–170, § 2(b)(4), 113 Stat. 1860, 1863.

[4] To conduct this analysis, we used data from SSA's Disability Analysis File from 2002 to 2018 matched with earnings data from SSA's Master Earnings File. We assessed the data we received by, for example, reviewing relevant documentation and interviewing knowledgeable officials, and determined that the data were sufficiently reliable for the purposes of our reporting objectives.

[5] Individuals under age 18 may qualify for SSI but have distinct eligibility requirements from adults. To be considered disabled, individuals under age 18 must have a medically determinable physical or mental impairment that causes marked and severe functional limitations and that has lasted or is expected to last for a continuous period of at least 1 year or result in death. 42 U.S.C. § 1382c(a).

[6] *See* 20 CFR § 404.1592. The trial work period is reached when a beneficiary accumulates 9 months of earnings of at least the trial work level amount in a 60-month period. The 9 months do not have to be continuous. In 2021, the trial work level amount was $940 per month.

[7] 20 CFR § 404.1592a. During the re-entitlement period, SSA pays benefits for the first month of SGA and the 2 following months.

[8] *See* 20 CFR § 416.1112(c)(5) and (7).

[9] In addition, an individual's or married couple's countable income must be less than the Federal SSI benefit rate of $943 for an individual and $1,415 for a married couple in 2024. Further, countable resources (such as financial institution accounts) must be $2,000 or less for individuals and $3,000 or less for married couples.

[10] 20 CFR § 416.1335.

grams that could decrease individuals' dependence on benefits or improve program administration. In conducting these demonstrations, SSA has been authorized to waive certain program rules. The law also requires that DI demonstrations be of sufficient scope and conducted on a wide enough scale to permit a thorough evaluation of the program or policy change under consideration.

Ticket to Work, a voluntary program to assist individuals with disabilities to obtain and retain employment and reduce dependence on benefits, was established in 1999. Through Ticket, SSA offers beneficiaries a "ticket" that they may assign to service providers who, in turn, provide employment services such as vocational rehabilitation and job placement. SSA compensates the service providers—private employment networks or State vocational rehabilitation agencies (VR)—when participants achieve designated levels of work and earnings.

Disability Beneficiaries Face Disincentives to Work

In addition to their disabling condition, disability beneficiaries face many other obstacles to working. These include the lack of accessible workplaces, lack of job opportunities, and stereotypes about what individuals with disabilities can achieve.[11]

We previously reported that the structure of disability benefits and related work incentives may also contribute to disability beneficiaries' reluctance to work.[12] In our interviews with disability policy experts and program officials, as well as in our analysis of prior GAO and SSA reports, we consistently found three key disincentives to work: (1) loss of cash and medical benefits, (2) overpayments, and (3) complexity of rules surrounding work.

Loss of Cash and Medical Benefits

In our 2021 report on Ticket to Work, we reported that, based on interviews with experts and SSA officials and literature we reviewed, a key disincentive to working for SSA disability beneficiaries is the possibility of losing cash and medical benefits.[13] Specifically, DI beneficiaries earning above SGA in a given month lose all of their cash benefits (known as the earnings "cash cliff"). SSI beneficiaries' benefits are generally reduced $1 for every $2 of monthly earnings greater than $65 up to the income limit described above. The Social Security Advisory Board stated in its 2017 report that both DI and SSI programs effectively impose a high "tax" on work—100 percent and 50 percent, respectively—exceeding those of other Federal assistance programs.[14]

Further, we previously reported that, according to experts and academic research, disability beneficiaries who work may lose their medical benefits. In our 2021 report on Ticket, we reported that the fear of losing Medicare or Medicaid coverage can be an impediment to increased work for some beneficiaries. This can be especially true for those whose disabilities can periodically worsen or who require supports for daily living activities. We reported that in 2015, 42 percent of recently employed beneficiaries who reported working fewer hours or earning less than they were able to said they did this because they wanted to keep Medicare or Medicaid coverage—the most commonly cited reason among surveyed beneficiaries.[15] In addition, we reported that an expert panel convened by SSA in 2019 stated that the fear of losing medical benefits poses a strong disincentive to earning above SGA.[16] VR officials we spoke with also described beneficiaries' fear of losing medical benefits as a disincentive to working.

Taken together, some beneficiaries might conclude that the financial upside of working is not worth the risk of losing—and the cost of replacing—financial and medical benefits. See figure 1 for a hypothetical example of how keeping earnings below SGA compares favorably to earning twice as much as SGA.

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[11] About a quarter of disability beneficiaries surveyed in 2015 cited inaccessible workplaces as an additional reason for not working. Social Security Administration, *National Beneficiary Survey: Disability Statistics,* 2015 (Washington, DC: March 2018).

[12] GAO–22–104031.

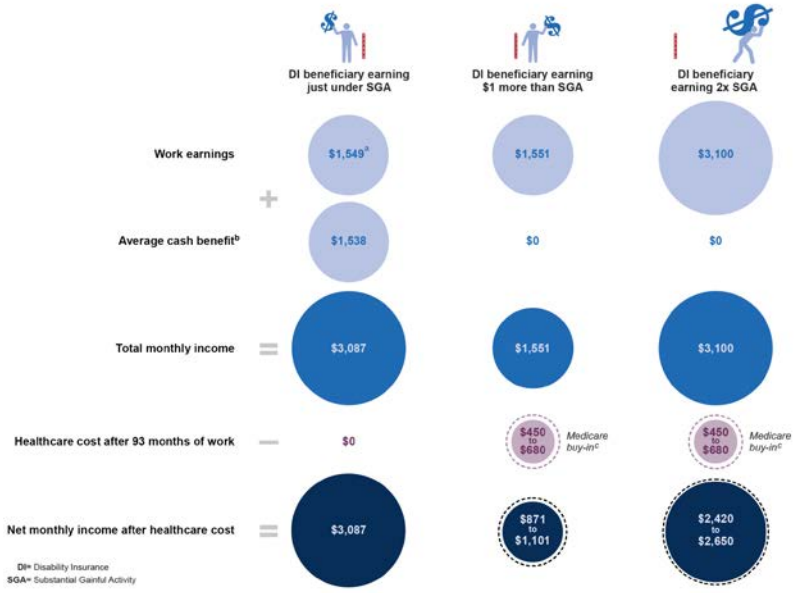
[13] GAO–22–104031.

[14] Social Security Advisory Board, *Statement on the Supplemental Security Income Program: Work Incentives and Work Supports in the SSI Program* (July 2017).

[15] Social Security Administration, *National Beneficiary Survey,* 2015.

[16] Abt Associates, *Post-Entitlement Earnings Simplification Demonstration Technical Experts Panel Meeting Final Report* (Rockville, MD: 2019).

Figure 1: Example of How Staying under SGA Leads to More Total Income for a DI Beneficiary than Earning above SGA



Source: GAO scenario based on Social Security Administration and Centers for Medicare & Medicaid Services information; GAO (icons). | GAO-24-107614

[a]Under thresholds set annually by SSA, individuals are considered engaged in SGA if they had earnings in 2024 above $1,550 per month for nonblind beneficiaries and $2,590 per month for blind beneficiaries.

[b]As of April 2024, the average cash benefit for DI participants was $1,538.

[c]We assume healthcare costs consist of the Medicare premium buy-in for hospital insurance (Part A) and medical insurance (Part B). The cost of this premium varies according to individuals' work history and income (see https://www.medicare.gov/basics/costs/medicare-costs), and thus we used a range of approximate costs. In addition to monthly premiums, there is also a hospitalization deductible of $1,632 per benefit period and coinsurance costs for long hospital stays, as well as a deductible of $240 and 20 percent co-pay for most medical services.

Overpayments

As we reported in 2021 on Ticket, another key disincentive identified by experts and SSA officials to returning to work is the potential for benefit overpayment, which often results in beneficiaries incurring debt to SSA. Overpayments can occur when beneficiaries fail to report earnings or SSA delays the processing of reported earnings. Overpayments in disability benefits can result in SSA sending demands for repayment to beneficiaries. We reported that one VR official we spoke with shared the example of a client who had a good initial experience with a service provider and was placed in a paying job, only to be sent a $28,000 repayment notice from SSA due to earnings above SGA.

We also reported that research based on SSA's internal data has estimated that between 70 and 80 percent of DI beneficiaries with earnings sufficient to affect their benefits receive overpayments which often accumulate to thousands of dollars—a significant hardship for individuals with limited income to repay. Specifically, in 2019, an SSA research publication found that of individuals who had at least 1 month of benefit suspension due to work from 2010 to 2012, 71 percent were overpaid. It found that overpayments lasted for a median of 9 months and accrued a median amount of $9,282.[17]

In our 2021 report on Ticket, we estimated that, in 2002 through 2015, Ticket participants were twice as likely to receive overpayments than similar nonparticipants were. This is because Ticket participants are more likely to earn above the

[17] Denise Hoffman, Benjamin Fischer, John T. Jones, Andrew McGuirk, and Miriam Loewenberg, "Work-Related Overpayments to Social Security Disability Insurance Beneficiaries: Prevalence and Descriptive Statistics," *Social Security Bulletin,* vol. 79, no. 2 (2019): 65.

SGA limit than nonparticipants.[18] Based on our analysis of SSA data, among Ticket participants who began the program from 2002 through 2010 and worked enough to temporarily or permanently leave the rolls over a 5-year period after starting the program, we estimated that approximately 96 percent received an overpayment of disability benefits. According to experts and SSA officials we interviewed, the fear of an overpayment is a disincentive to participating in Ticket and an ongoing issue for participants.

Our prior work also found that, in addition to the burden on beneficiaries, overpayments impose a toll on taxpayers. According to SSA's OIG, overpayments attributed to disabled beneficiaries engaging in SGA have been a leading cause of DI improper payments, amounting to $755 million in Fiscal Year 2021.[19] For SSI, SSA reported that in Fiscal Year 2021 it made $4 billion in estimated overpayments, of which a substantial portion involved wage discrepancies due to beneficiaries failing to report a change in wages or SSA not making changes in a timely manner.[20] Furthermore, SSA incurs administrative expenses to recover overpayments, some of which are never recovered. In each fiscal year from 2018 to 2022, SSA collected an average of 18.5 percent of debts owed to it annually across its programs.[21] To recover these debts, SSA spent an estimated 6 to 7 cents per dollar recovered.

Complexity of Rules

Our 2021 study on Ticket discussed how the complexity of the work incentives may also be a barrier to returning to work. An expert panel convened by SSA in 2019 found that the complexity of work rules constituted a barrier to returning to work for beneficiaries and an administrative challenge to SSA.[22] SSA's guide to work incentives for DI and SSI beneficiaries is about 60 pages. As we reported, according to experts we interviewed, these work incentives are complex, and beneficiaries can get different answers depending on whom they talk to. For example, one disability advocate said that the work incentives are so numerous and complex that even within SSA only a small number of specialists understand them. In our 2021 report on Ticket, a VR official said many of those tasked with administering the program struggle to accurately and persuasively communicate the program's benefits to beneficiaries.

SSA Has Made Progress but Still Faces Challenges Addressing Disincentives and Modernizing Its Disability Programs

Addressing Work Disincentives Through Demonstration Projects

SSA has taken steps to address work disincentives, but these efforts have yielded limited results and have encountered challenges, according to SSA reports and academic research. Specifically, SSA has undertaken numerous demonstration projects to test changes to the DI and SSI programs that may encourage disabled beneficiaries to work and reduce their reliance on SSA benefits. However, according to SSA's most recent annual report on demonstration projects and researchers, some participants in these programs had difficulty understanding the rules around work incentives.[23] For example, program participants in one SSA demonstration, which aimed to simplify work incentives, had difficulty understanding how earnings affect benefits under the demonstration and current DI rules.

Evaluations of another demonstration found similar results. Specifically, the evaluators' findings indicated that the outreach and information provided to the treat-

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[18] Specifically, an estimated 2.7 percent of all Ticket participants received overpayments 5 years after receiving services compared with 1.2 percent of all similar nonparticipants. Our estimates of overpayments were derived from historical SSA benefit data that were not designed to track overpayments to beneficiaries. Nonetheless, they are the best available data on the population of Ticket participants and provide a reasonable indicator of the extent to which overpayments occur among them. For the purposes of this analysis, we defined an overpayment as a circumstance in which an individual received a benefit payment when they were not entitled to receive benefits. We did not assess whether individuals were entitled to a benefit or how much they were entitled to; rather, we relied on SSA data regarding benefits paid and benefits due.

[19] Social Security Administration, Office of the Inspector General, *Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022,* Audit Report No. A–15–22–51183 (May 2023).

[20] SSA estimates that for the period covering fiscal years 2017 through 2021, it made on average $1.2 billion in improper payments annually due to wage discrepancies.

[21] The average of debt collected is based on SSA's annual gross receivables balance, which is mainly related to recoveries of overpayments.

[22] Abt Associates, *Post-Entitlement Earnings Simplification Demonstration Final Report.*

[23] Social Security Administration, *2022 Annual Report on Section 234 Demonstration Projects* (September 2022).

ment and control groups were not sufficient for them to understand the new earnings rules.[24] In a 2021 SSA-commissioned volume synthesizing lessons from the demonstrations, researchers indicated that without an understanding of program rules and the changes these demonstrations offer, beneficiaries will have difficulty taking advantage of them.[25]

Researchers and the SSA OIG have noted the limited results of the demonstrations in reducing DI expenditures and changing policy. In 2021, researchers reviewed 11 demonstrations and found that there were "essentially never increases in [program] exits" and "rarely reductions in [DI] expenditures."[26] In addition, in 2021, SSA's OIG reported on six demonstrations. As of 2021, the six demonstrations had cost over $300 million and none had identified potential savings or resulted in a direct change in legislation or policy.[27] However, the OIG noted that SSA had used the results to influence the development of legislative proposals in its Fiscal Year 2021 congressional budget justification.

Preventing Overpayments

SSA has recognized the importance of improving payment accuracy and preventing overpayments. In its annual performance report for Fiscal Years 2023 to 2025, SSA designated improving program integrity as a focus area and planned to address the root causes of improper payments by modernizing its debt management system and improving wage reporting.[28] Specifically, the report outlines the agency's plans to automate information on wages received from payroll data providers in Fiscal Years 2024 and 2025, and to modernize its debt management system in Fiscal Year 2025. Such efforts could help the agency meet its performance targets on reducing overpayments.

SSA has also faced longstanding challenges preventing overpayments, and we have made several recommendations related to this issue. SSA has fully implemented several recommendations. For example, in April 2020, we recommended that SSA develop and implement a process to measure the effectiveness of its corrective actions for improper payments in DI and SSI.[29] The agency agreed and has adopted a process that includes establishing benchmarks and analyzing data to evaluate the effectiveness of its corrective actions.

SSA has not fully implemented three recommendations related to overpayments. For example, one unimplemented recommendation focuses on preventing overpayments to individuals receiving concurrent Federal workers' compensation benefits. This has been highlighted as a priority recommendation in the Controller General's letters to the SSA Commissioner for several years.[30] Specifically, in 2015, we recommended that SSA strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of Federal Employees' Compensation Act (FECA) benefits.[31] As of March 2024, SSA reported it is working towards an agreement with the Department of Labor to use FECA benefit data to improve efficiencies in its ability to offset or reduce DI benefits when an individual is concurrently receiving FECA benefits. SSA estimates that the benefits of using these data will outweigh costs five to one. SSA needs to fully implement this priority recommendation by completing these plans, which could help improve the financial status of the DI program and reduce overpayments to beneficiaries who may have difficulty repaying these debts. SSA has not fully implemented two other recommendations we have

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[24] Michelle Wood and Debra Goetz Engler. 2021. "Lessons from Implementation." In *Lessons from SSA Demonstrations for Disability Policy and Future Research,* edited by Austin Nichols, Jeffrey Hemmeter, and Debra Goetz Engler, 361–414. Rockville, MD: Abt Press.

[25] Wood et al. and Calvin Johnson. 2021. "Comment" (on Chapter 9: "Lessons from Implementation"). In *Lessons from SSA Demonstrations for Disability Policy and Future Research,* edited by Nichols, Austin, Jeffrey Hemmeter, and Debra Goetz Engler, 407–413. Rockville, MD: Abt Press.

[26] Jesse Gregory and Robert A. Moffitt. 2021. "The Return to Work in Disability Programs: What Has Been Learned and Next Steps." In *Lessons from SSA Demonstrations for Disability Policy and Future Research,* edited by Austin Nichols, Jeffrey Hemmeter, and Debra Goetz Engler, 135–186. Rockville, MD: Abt Press.

[27] SSA Office of the Inspector General, *The Social Security Administration's Demonstration Projects,* Audit Report No. A–04–19–50881 (June 2021).

[28] Social Security Administration, *Social Security Administration: Annual Performance Plan for Fiscal Year 2025, Revised Performance Plan for Fiscal Year 2024, Annual Performance Report for Fiscal Year 2023,* Publication No. 22–107 (Baltimore, MD: March 11, 2024).

[29] GAO–20–336.

[30] GAO, *Priority Open Recommendations: Social Security Administration,* GAO–24–107312 (Washington, DC: May 28, 2024).

[31] GAO–15–531.

made related to overpayments. See appendix I for a list of unimplemented recommendations to SSA related to overpayments.

Management Challenges and Modernization Efforts

SSA has faced longstanding workload and other management challenges and has struggled to modernize its disability programs. For these reasons, SSA's disability programs have been on the GAO High Risk List—a list of Federal programs that need attention and transformation—since 2003.[32]

As reported in our 2023 High Risk Series, SSA has recognized the need to improve its disability claim processing. In its 2023 annual performance plan, SSA included eliminating and preventing backlogs at both the initial and appeals levels of claim processing as a strategy for building a customer-focused organization. As of 2023, SSA had made efforts to increase the number of staff to process initial claims and decide appeals, but still fell short of its desired number of staff.

Our 2023 High Risk Series also discusses SSA's significant challenges hiring and retaining staff since the beginning of the COVID–19 pandemic. SSA's hiring efforts in Fiscal Years 2020 to 2021 increased the total number of staff processing initial claims. However, unusually high attrition led to the number of staff decreasing by about 650 during fiscal year 2022, dropping below the 2020 level. Additionally, the number of staff processing appeals dropped by about 500 from Fiscal Years 2020 to 2022, primarily due to attrition among legal assistants. In recent testimony before the Senate Finance committee, the SSA Commissioner stated that the agency had 56,423 full-time permanent staff at the end of Fiscal Year 2022—the agency's lowest staffing level in 25 years.

SSA officials stated that competition in the labor market and the complexity of job responsibilities contribute to the agency's staffing challenges. To address these issues, SSA is working with local offices on the potential to increase pay for claims processors and other staff. It has also established initiatives—such as a national mentoring program—to improve job satisfaction, recruitment, and retention.

While SSA has reported some progress in modernizing medical eligibility criteria, it has encountered repeated delays with updating its occupation data, which SSA uses to evaluate work capacity in its decisions to award disability benefits. Specifically, according to SSA officials, the agency produced comprehensive updates of medical criteria for 11 of the 14 body systems since 2011, and rulemaking efforts were underway for the remaining systems as of 2023. Historically, in adjudicating disability claims, SSA has relied on a publication called the Dictionary of Occupational Titles (DOT) for information about occupational requirements. The DOT has not been updated since 1991.

In July 2012, SSA entered into an interagency agreement with the Bureau of Labor Statistics (BLS) to obtain new occupational data which were intended to replace the DOT. In March 2018, we testified that SSA had expected to have new occupation data in place by 2020.[33] While SSA has continued to work with BLS to collect these occupation data, it still uses the DOT in disability decisions, despite spending hundreds of millions of dollars on this effort since 2012. In its Fiscal Year 2025 budget justification, SSA stated that full completion of activities to use updated occupational criteria is a multiyear effort and that SSA will develop specific timelines as it moves forward.

In conclusion, SSA's disability programs provide a vital safety net for millions of individuals with disabilities, but those who wish to work face numerous disincentives. SSA has taken steps to address work disincentives, manage its disability claims workloads and modernize its disability programs, but these efforts have yielded limited results. Continued efforts in these areas will benefit disability beneficiaries and American taxpayers.

GAO Contacts and Staff Acknowledgments

Chairman Wyden, Ranking Member Crapo, and members of the committee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time. For questions about this statement, please contact Elizabeth Curda, Director, Education, Workforce, and Income Security, at (202) 512–7215 or curdae@gao.gov, or Erin Godtland at (202) 512–7215 or godtlande@gao.gov. GAO

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[32] GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas,* GAO–23–106203 (Washington, DC: April 20, 2023).

[33] GAO, *Social Security Administration: Continuing Leadership Focus Needed to Modernize How SSA Does Business,* GAO–18–432T (Washington, DC: March 7, 2018).

staff who made key contributions to this statement include Joel Green (Analyst-in-Charge), Seto Bagdoyan, Daniel Concepcion, Alex Galuten, Carl Nadler, Jessica Rider, Walter Vance, and Christopher Zbrozek. In addition, key support was provided by James Bennett, Brian Egger, Mark Glickman, Monika Gomez, Jessica Orr, and Almeta Spencer. Other staff who made contributions to the reports cited in the testimony are identified in the source products.

Appendix I: Open Recommendations to the Social Security Administration Related to Overpayments

There are three unimplemented recommendations to the Social Security Administration related to overpayments (see table 1).

Table 1: GAO Open Recommendations to the Social Security Administration (SSA) on Overpayments

GAO report	Open recommendation	Status
Disability Insurance: Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation, GAO–15–531 (Washington, DC: July 8, 2015)	To improve SSA's ability to detect, prevent, and recover potential DI benefit overpayments due to the concurrent receipt of FECA benefits, the Commissioner of Social Security should strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of FECA benefits by implementing the alternative that provides the greatest net benefits.	SSA continues to negotiate the details of obtaining FECA data from the Department of Labor through a computer matching agreement and anticipates completion in Fiscal Year 2025. According to SSA, it plans to use FECA benefit data to improve efficiencies in its ability to offset or reduce DI benefits when an individual is concurrently receiving FECA benefits.
Disability Insurance: SSA Could Do More to Prevent Overpayments or Incorrect Waivers to Beneficiaries, GAO–16–34 (Washington, DC: October 29, 2015)	To enhance beneficiary understanding of work reporting requirements, SSA should: (a) clarify work reporting requirements provided to beneficiaries; (b) explore options for increasing the frequency of reporting reminders to DI beneficiaries, similar to those currently available to SSI recipients.	SSA took some actions to address the recommendation, such as posting articles on its website and social media on work reporting requirements. However, materials to date do not fully detail work reporting requirements, and SSA does not plan to explore options for more frequent reminders to report earnings.
Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs, GAO–22–104031 (Washington, DC: October 28, 2021)	The Commissioner of Social Security should identify the root causes of overpayments to Ticket to Work participants specifically then take appropriate actions to address them.	SSA carried out its own internal study to examine the root causes of overpayments. For DI beneficiaries, it found that the root causes of overpayments among Ticket to Work participants were similar to those of nonparticipants. However, SSA found that SSI Ticket to Work participants had higher rates of nonwork-related overpayments than nonparticipants. We believe these findings warrant additional action to address the root causes of overpayments among SSI Ticket to Work participants.

Source: GAO. | GAO–24–107614.

QUESTIONS SUBMITTED FOR THE RECORD TO ERIN M. GODTLAND

QUESTIONS SUBMITTED BY HON. MIKE CRAPO

Question. The Payroll Information Exchange (PIE) will be an important step forward, but some disability beneficiaries will still need to self-report their earnings.

What has the Government Accountability Office (GAO) found regarding Social Security Disability Insurance (SSDI) beneficiaries' understanding of their work-related reporting requirements?

Answer. In 2015, we reported that SSA's unclear work reporting requirements and differing interpretations by staff of complex DI rules could lead to inadequate and inconsistent guidance on when to report work.[1] SSA's regulations and policy manual stated that beneficiaries should "promptly" report changes in work activity but did not define this term. Similarly, in its pamphlet "Working While Disabled," beneficiaries were instructed to report changes in their work "right away" but did not prescribe a time period or frequency for reporting. This ambiguity was reflected in our interviews with field staff who reported significant variation in the instructions they provided to beneficiaries. Our interviews also showed that some staff may not fully understand DI's complex work incentive rules. Despite the importance and challenges associated with work reporting, we found that SSA provided infrequent reminders to beneficiaries and those reminders contained limited information about liability for overpayments.

Regarding Ticket to Work participants specifically, we reported in 2021 that overpayments related to work were particularly challenging as participants were twice as likely to receive overpayments.[2] SSA was aware that misconceptions were prevalent among Ticket participants such as believing that SSA is aware of their wages by virtue of participating in the program. Additionally, some participants might falsely believe that their service providers would report wages for them.

Question. What has GAO recommended that the Social Security Administration do to help SSDI beneficiaries understand their work-related reporting responsibilities? Has SSA fully addressed GAO's recommendations?

Answer. GAO made two recommendations related to work reporting requirements, but SSA has yet to fully implement them.

- In 2015, we recommended that SSA take steps to clarify work reporting requirements provided to beneficiaries and explore options for increasing the requirements of reporting reminders to DI beneficiaries. SSA took some steps to address the recommendation such as posting articles on its web site and social media on work reporting requirements. However, materials provided to date have not defined terms such as "promptly" or "right away," which we noted as problematic in our 2015 report. Additionally, as of October 2023, SSA reported that it does not plan to convene a workgroup or task force to clarify work reporting requirements to beneficiaries or to explore options for increasing the frequency of reporting reminders to DI beneficiaries. In the absence of actions such as these, DI beneficiaries may continue to incur overpayments, or be required to repay overpayments that occurred even though they reported work.
- In 2021, we recommended that SSA identify the root causes of overpayments to Ticket to Work participants and take appropriate actions to address them. SSA agreed with this recommendation and carried out an internal study to examine the root causes of overpayments. For DI beneficiaries, it found that the root causes of overpayments among Ticket participants were similar to those of non-participants. However, SSA found that SSI Ticket participants had higher rates of non-work-related overpayments than non-participants. These findings warrant SSA action to address the root causes of overpayments among SSI Ticket participants. The recommendation will remain open until SSA takes this action.

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[1] GAO, *Disability Insurance: SSA Could Do More to Prevent Overpayments or Incorrect Waivers to Beneficiaries,* GAO–16–34 (Washington, DC: October 29, 2015).

[2] GAO, *Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs,* GAO–22–104031 (Washington, DC: October 28, 2021).

QUESTIONS SUBMITTED BY HON. BILL CASSIDY

Question. How can the SSA improve its demonstration projects in the future to help program participants understand the rules regarding work incentives, and to encourage less reliance on SSA benefits?

Answer. We have not specifically reviewed SSA's demonstrations in over a decade; however, academic researchers have suggested program reforms and considerations for future demonstrations.[3] For example, researchers suggested that demonstrations simplify work incentives and clarify how SSA will apply the rules (*e.g.,* whether increased earnings from work will be offset by benefit reductions). Researchers also proposed testing (1) ways to reduce work disincentives that arise from the prospect of benefit termination, and (2) stronger financial incentives to work by supplementing earnings rather than reducing benefits.

Question. How can the SSA modernize its debt management system processes to reduce overpayments and improper distributions, and to mitigate fraud in order to help protect the fiscal integrity of these programs and to hold bad actors accountable? What role can AI provide to detect improper and fraudulent activity?

Answer. According to SSA's most recent performance plan, in Fiscal Years 2024 and 2025, SSA plans to modernize its debt management systems to provide beneficiaries with options for repaying debts and enable the agency to more effectively and efficiently track, collect, and report on overpayments.[4]

Further, as noted in our statement, we have also made several recommendations to address overpayments. Three of these are not yet implemented, including a 2015 priority recommendation to strengthen internal controls to prevent DI overpayments due to concurrent receipt of Federal Employees' Compensation Act (FECA) benefits.

Regarding fraud prevention, we have highlighted the importance of SSA regularly conducting risk assessments for its disability programs and developing strategies and controls to address the risks. In 2017, we recommended that SSA develop, document, and implement a comprehensive antifraud strategy that builds on a comprehensive risk assessment, as called for by leading practices.[5] Following these leading practices, SSA would evaluate outcomes using a risk-based approach and adapt activities to improve fraud risk management. SSA agreed and completed a fraud risk assessment in Fiscal Year 2018. According to SSA's most recent performance plan, the agency plans to complete a reassessment of its disability-related fraud risks in Fiscal Year 2024. SSA also plans to improve its use of data analytics and predictive modeling to identify suspicious activities and prevent fraud before issuing payments; however, we are not aware of any plans to use artificial intelligence in the reassessment or related antifraud efforts.

PREPARED STATEMENT OF WILLIAM R. MORTON, ANALYST IN INCOME SECURITY, CONGRESSIONAL RESEARCH SERVICE

Chairman Wyden, Ranking Member Crapo, and other distinguished members of the committee, my name is Will Morton, and I am an Analyst in Income Security at the Congressional Research Service (CRS). Thank you for the opportunity to testify on "Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities." My testimony will provide an overview of the Social Security Administration's (SSA's) disability programs, a brief history of efforts to promote work among disability beneficiaries, and a discussion of selected issues concerning work and SSA's disability programs.

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[3] Abt Associates, *Lessons from SSA Demonstrations for Disability Policy and Future Research,* edited by Austin Nichols, Jeffrey Hemmeter, and Debra Goetz Engler (Rockville, MD: Abt Press, 2021), 135–185.

[4] Social Security Administration, *Social Security Administration: Annual Performance Plan for Fiscal Year 2025, Revised Performance Plan for Fiscal Year 2024, Annual Performance Report for Fiscal Year 2023,* Publication No. 22–107 (Baltimore, MD: March 11, 2024).

[5] GAO, *SSA Disability Benefits: Comprehensive Strategic Approach Needed to Enhance Antifraud Activities,* GAO–17–228 (Washington, DC: April 17, 2017).

Overview of SSA's Disability Programs

Background

SSA oversees two Federal programs that provide income support to qualified individuals who meet the statutory definition of disability: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).[1]

SSDI is part of the Old-Age, Survivors, and Disability Insurance program, commonly known as Social Security. Social Security is a Federal social insurance program that provides monthly cash benefits to insured workers and their eligible family members in the event of the worker's retirement, disability, or death. Workers obtain insurance protection by working for a sufficient period in jobs covered by Social Security and its payroll tax, and benefits are based on a worker's past earnings in covered jobs. The program is financed primarily by payroll taxes levied on the earnings of covered workers, which are credited to two separate trust funds. The SSDI component provides benefits to disabled workers who are below Social Security's full retirement age (65–67, depending on year of birth) and to their eligible family members. Social Security also provides benefits to disabled widow(er)s and disabled adult children of retired, disabled, or deceased insured workers. Social Security disability beneficiaries automatically qualify for health-care coverage under Medicare, generally after satisfying a 24-month waiting period.

In contrast, SSI is a Federal means-tested program that provides monthly cash benefits to eligible adults and children who meet the program's definition of disability and to eligible adults age 65 or older, regardless of their disability status. The program is intended to provide a guaranteed minimum level of income to people who have difficulty meeting their basic living expenses due to disability or age and who have little or no Social Security or other income. There are no work or contribution requirements to qualify for SSI. However, because the program is based on need, it is restricted to people whose countable income and resources (assets) are within statutorily prescribed limits. SSI provides a uniform maximum benefit of $943 per month for individuals in 2024, which is reduced by any countable income (*e.g.,* Social Security benefits, earnings from work).[2] SSI is financed by annual appropriations from the general fund. Some States use their own funds to supplement the Federal SSI benefit. In most States, SSI recipients automatically qualify for health-care coverage under Medicaid.

In April 2024, SSA paid $12.5 billion in total monthly benefits to 8.6 million Social Security disability beneficiaries and paid $3.3 billion in total monthly benefits to 4.0 million SSI recipients ages 18–64.[3] About one-quarter of SSI recipients ages 18–64 also received Social Security benefits that month.

Definition of Disability

SSDI and SSI use the same work-based definition of disability for adults. The Social Security Act defines *disability* as the inability to engage in any substantial gainful activity due to any medically determinable physical or mental impairment that (1) is expected to result in death or (2) has lasted, or is expected to last, for at least 12 consecutive months.[4] The impairment (or combination of impairments) must be severe enough to prevent the individual from performing both their previous work (if any) and any other kind of substantial gainful work that exists in significant numbers in the national economy, taking into consideration their age, education, and work experience. This definition of disability is generally considered total and long term. Unlike state workers' compensation or veterans' disability compensation, SSDI and SSI do not pay benefits for partial or short-term disabilities.

SSA defines *substantial gainful activity* (SGA) as work that involves doing significant and productive physical or mental duties and which is done (or intended) for

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[1] For more information, *see* CRS In Focus IF10506, *Social Security Disability Insurance (SSDI),* CRS In Focus IF10482, *Supplemental Security Income (SSI),* and CRS Report R44948, *Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI): Eligibility, Benefits, and Financing.*

[2] SSA, "SSI Federal Payment Amounts," *https://www.ssa.gov/oact/cola/SSIamts.html.*

[3] SSA, "Monthly Statistical Snapshot, April 2024," Tables 2 and 3, *https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/;* SSA, "Benefits Paid By Type of Beneficiary," *https://www.ssa.gov/oact/ProgData/icp.html;* and SSA, "SSI Monthly Statistics, April 2024," Table 1, *https://www.ssa.gov/policy/docs/statcomps/ssi_monthly/index.html.* Social Security disability beneficiaries include disabled workers, disabled widow(er)s, and disabled adult children.

[4] Social Security Act, §§ 223(d)(1)(A) and 1614(a)(3)(A); 42 U.S.C. §§ 423(d)(1)(A) and 1382c(a)(3)(A).

pay or profit.[5] Work activity is ordinarily considered *significant* if it results in earnings that exceed the agency's SGA earnings level.[6] In 2024, the SGA earnings level is $1,550 per month for most individuals.[7] Individuals with monthly earnings that exceed the SGA earnings level are generally considered able to engage in SGA and thus do not meet the definition of disability (certain exceptions apply). The SGA earnings level is a proxy measure for the inability to perform substantial work; it is not designed to be a financial eligibility or means test.

SSA performs periodic medical reviews to verify that SSDI and SSI disability beneficiaries continue to meet the definition of disability in the Social Security Act. Medical *continuing disability reviews* (CDRs) are scheduled based on the likelihood of medical improvement. Individuals considered likely to improve medically are scheduled for a review once every 6 to 18 months, while those considered not likely to improve medically are scheduled for a review once every 5 to 7 years. Those who cannot be assigned to one of the other categories are scheduled for a medical review once every 3 years.

Program Rules Concerning Work Activity and Work Incentives

Although SSDI and SSI are designed to support eligible adults who cannot perform substantial work due to their qualifying impairments, the two programs allow disability beneficiaries to work and earn within certain limits. In addition, both SSDI and SSI include special program rules designed to encourage work among disability beneficiaries, known as *work incentives.*

Under the SSDI program, work activity is governed largely by the SGA earnings level. In general, Social Security disability beneficiaries who work must keep their earnings at or below the SGA earnings level. Those who earn above the SGA earnings level after a certain period have their cash benefits suspended or terminated. Because having earnings above the SGA level may result in a complete loss of SSDI cash benefits, the SGA earnings level is often referred to as the "cash cliff."

SSDI provides certain work incentives designed to promote work among Social Security disability beneficiaries. For example, most beneficiaries are provided a *trial work period* (TWP), which allows them to earn any amount for up to 9 months within a certain period without having their benefits suspended or terminated. Beneficiaries "use up" one of their 9 TWP months when their earnings exceed the TWP earnings level, which is $1,110 per month in 2024.[8]

Beneficiaries who exhaust the TWP enter an *extended period of eligibility* (EPE), which allows them to continue to receive benefits if their earnings are at or below the SGA earnings level (generally $1,550 per month in 2024). During the first 36 months of the EPE, benefits are suspended for months in which earnings exceed the SGA level. After the 36-month reentitlement period, beneficiaries who earn above the SGA level are terminated from the SSDI program. Benefits are paid for the first month in which a beneficiary earns above the SGA level in the EPE and the next 2 months, called the *3-month grace period.* Those whose SSDI benefits are terminated due to work and who continue to have qualifying impairments receive *extended Medicare coverage* for at least 93 months after the end of the TWP.

Under the SSI program, work activity is governed largely by the program's financial eligibility rules. In SSI, countable income—gross income minus applicable exclusions—is subtracted from the maximum monthly SSI benefit on a dollar-for-dollar basis in determining a person's program eligibility and benefit amount (if any). Individuals are ineligible for SSI if their countable income exceeds the maximum SSI benefit. All SSI recipients are afforded certain *basic income exclusions* in calculating their countable income. Specifically, SSI excludes the first $20 per month of any income and the first $65 per month of earned income plus one-half of any earned income above $65.[9] After applying the $20 and $65 per month income exclusions, the maximum SSI benefit is reduced by $1 for every $2 of earnings (*i.e.,* a $1-for-$2 benefit offset). Under these basic income exclusions, the level of gross income that re-

[5] 20 CFR §§ 404.1510 and 416.910.

[6] Special rules apply to individuals who are self-employed.

[7] SSA, "Substantial Gainful Activity," *https://www.ssa.gov/oact/cola/sga.html.* This level is adjusted annually for average wage growth. A higher monthly SGA earnings level applies to SSDI beneficiaries who are statutorily blind.

[8] SSA, "Trial Work Period," *https://www.ssa.gov/oact/COLA/twp.html.* This level is adjusted annually for average wage growth.

[9] The $20 per month general income exclusion and the $65 per month earned income exclusion are not adjusted for inflation.

duces the maximum SSI benefit to $0 for individuals with only earned income is $1,971 per month in 2024, referred to as the *earned income break-even point.*

SSI provides additional work incentives designed to encourage greater work activity among recipients with earnings. For instance, a provision known as *1619(a)* allows disability recipients to earn above the SGA level and continue to receive SSI benefits, provided their earnings and other countable income are at or below the maximum monthly SSI benefit. Another provision, known as *1619(b),* allows individuals whose SSI benefits are reduced to $0 due to excess earnings to retain Medicaid coverage if their annual gross earnings are at or below a state-specific threshold and they meet certain other criteria.[10] In 2024, this threshold ranges from $34,490 in Tennessee to $86,438 in Alaska.[11]

Some work incentives are available to disability beneficiaries under both programs. For example, *Ticket to Work* (TTW) allows most SSDI and SSI disability beneficiaries ages 18–64 to obtain free employment services, vocational rehabilitation services, and other support services from approved public or private providers to achieve certain work-related goals. In addition, *expedited reinstatement* (EXR) allows former SSDI and SSI disability beneficiaries whose entitlement ended due to work to request expedited reinstatement of those benefits if they stop performing SGA within 5 years of their prior termination and meet certain other criteria. Further, SSDI and SSI disability beneficiaries are permitted to deduct from their earnings the reasonable cost of certain *impairment-related work expenses* (IRWE) for purposes of SGA and SSI financial eligibility determinations.

Table 1 summarizes selected work incentives available under the SSDI and SSI programs. One key difference between the two programs is that the SSDI-only work incentives are generally time-limited, whereas SSI-only work incentives are not time-limited. Another key difference is that SSI recipients have their benefits gradually offset as their earnings rise above a certain level, while SSDI beneficiaries who work either receive their regular benefits or nothing, depending on the applicable work incentive and whether their earnings are above the SGA level. A more extensive discussion of SSDI and SSI work incentives can be found in SSA's guide on work incentives and employment supports, *The Red Book.*[12]

Table 1. Selected SSDI and SSI Work Incentives, by Program Availability

Work Incentive	Description
SSDI Only	
Trial Work Period (TWP)	Allows beneficiaries to test their ability to work for up to 9 months (not necessarily consecutive) within a rolling 60-month period without having their benefits suspended or terminated. During the TWP, beneficiaries may earn any amount and continue to receive their regular benefits, even if their earnings exceed the SGA level. Any month in which earnings exceed the TWP earnings level during this period counts as a month toward the cumulative 9-month TWP. In 2024, the TWP earnings level is $1,110 per month.
Extended Period of Eligibility (EPE)	Allows beneficiaries who exhaust the TWP to continue to receive benefits for months in which their earnings are at or below the SGA level (generally $1,550 per month in 2024). During the first 36-months of the EPE (known as the "reentitlement period"), benefits are suspended for months in which earnings exceed the SGA level. In or after the 37th month of the EPE, benefits are terminated if earnings exceed the SGA level.
3-Month Grace Period	Allows beneficiaries in the EPE to receive benefits for the first month in which their earnings exceed the SGA level and the following 2 months, regardless of their earnings level during the latter 2 months (if any).

[10] For more information, *see* CRS Report R46111, *Medicaid Eligibility: Older Adults and Individuals with Disabilities.*

[11] SSA, "Continued Medicaid Eligibility (Section 1619(B))," *https://www.ssa.gov/disabilityresearch/wi/1619b.htm.*

[12] SSA, *The Red Book, https://www.ssa.gov/redbook/.*

Table 1. Selected SSDI and SSI Work Incentives, by Program Availability—Continued

Work Incentive	Description
Extended Medicare Coverage	Allows individuals whose SSDI benefits are terminated due to earnings above the SGA level but who continue to have qualifying impairments to retain premium-free Medicare Part A coverage for at least 93 months after the end of the TWP. Those who exhaust extended Medicare coverage and continue to have qualifying impairments may "buy into" Medicare Part A by paying a premium.
SSI Only	
Basic Income Exclusions	SSA excludes the first $20 per month of any income (earned or unearned) and the first $65 per month of earned income plus one-half of earned income above $65. After applying the $20 and $65 per month income exclusions, the maximum monthly SSI benefit is reduced by $1 for every $2 of earnings (*i.e.,* a $1-for-$2 benefit offset). Under these basic income exclusions, the level of gross income that reduces the maximum SSI benefit to $0 for individuals with only earned income is $1,971 per month in 2024 (known as the "earned income break-even point").
1619(a) (Special SSI Benefits)	Allows disability recipients to earn above the SGA level if their countable income is below the maximum SSI benefit. It is designed for those with earnings above the SGA level ($1,550 per month in 2024) but below the earned income break-even point ($1,971 per month for individuals in 2024). Those in 1619(a) status receive special SSI benefits that are calculated in the same manner as regular SSI benefits.
1619(b) (Medicaid While Working)	Allows individuals whose SSI benefits are reduced to $0 due to excess earnings to retain Medicaid coverage if their annual gross earnings are at or below a State-specific threshold and they meet other criteria. Because the threshold is based, in part, on any applicable State supplementary payments and the State's average per capita Medicaid expenditures on disability enrollees, the dollar amount varies by State. In 2024, the threshold ranges from $34,490 in Tennessee to $86,438 in Alaska.
Plan to Achieve Self-Support (PASS)	SSA excludes the income or resources that SSI recipients set aside to pursue specific work goals. The work goal must be feasible for the recipient, and the plan must be approved by SSA.
Both SSDI and SSI	
Ticket to Work (TTW)	Allows beneficiaries ages 18–64 to obtain free employment services, vocational rehabilitation (VR) services, and other support services from approved providers to achieve specific work-related goals. TTW participants are issued a "ticket," which they can assign to either an employment network (a qualified private or non-Federal public entity) or a State VR agency. Both parties must agree on and develop a plan that outlines the specific services that will be provided and the particular work-related goals that the participant aims to achieve. SSA pays providers when participants achieve certain earnings outcomes. Participants who make timely progress toward their work-related goals are exempt from periodic medical reviews (CDRs).
Expedited Reinstatement (EXR)	Allows former beneficiaries whose entitlement ended due to work to request expedited reinstatement of those benefits if they stop performing SGA within 5 years of their prior termination and meet certain other criteria. Requesters may receive up to 6 months of provisional cash and medical benefits while SSA conducts a medical review to decide if they qualify for reinstatement.
Impairment-Related Work Expenses (IRWE)	Allows beneficiaries to deduct from their earnings the reasonable cost of certain work expenses related to their impairments for purposes of SGA and SSI financial eligibility determinations (*e.g.,* co-pays, medications, attendant care services, car modifications, service animals, and assistive technologies).

Source: CRS.

SSA conducts periodic work and financial eligibility reviews to verify that disability beneficiaries continue to meet relevant program requirements. For SSDI,

SSA performs *work CDRs* to determine if SSDI beneficiaries are working above the SGA level after the TWP. Work CDRs may be triggered based on alerts from SSA's CDR enforcement operations system, which uses annual earnings data from the Internal Revenue Service (IRS) and quarterly wage data from the Office of Child Support Enforcement's (OCSE's) National Directory of New Hires. For SSI, SSA performs redeterminations to determine if SSI recipients continue to meet the program's financial eligibility requirements (*e.g.,* resources, earnings from work, other income). SSI *redeterminations* are scheduled once every year or once every 6 years, depending on the likelihood of a change in financial circumstances. SSA uses data from the IRS and OCSE, among other sources, to conduct redeterminations.

Demonstration Projects

Starting in 1980, Congress began granting SSA the authority to test certain changes to SSDI and SSI program rules through demonstration projects. *Demonstration projects* are temporary changes (*i.e.,* interventions) to disability program rules that are tested on some subset of disability beneficiaries and later evaluated.[13] Congress has previously provided SSA with two separate demonstration authorities. First, Section 234 of the Social Security Act gave SSA temporary demonstration authority to test changes to SSDI program rules "designed to promote attachment to the labor force," subject to certain requirements.[14] Section 234 authority last expired on December 31, 2022, and has not been renewed by Congress. Second, Section 1110(b) of the Social Security Act gives SSA demonstration authority to test changes to SSI program rules and early interventions, subject to certain requirements.[15] Section 1110(b) authority does not expire under current law (*i.e.,* it is permanent).

Using its Section 234 and 1110(b) demonstration authorities, SSA has tested a variety of interventions with different target populations and purposes. Some demonstrations have tested whether providing employment supports or other services to disability beneficiaries affects employment outcomes (*e.g.,* employment rates and earnings) and disability benefit use (*e.g.,* the amount of disability benefits received). Some demonstrations have targeted interventions to specific populations, such as SSI youth entering adulthood (*i.e.,* SSI transition-age youth). Other SSA demonstrations have tested whether providing services to individuals before they begin receiving disability benefits affects employment retention and disability benefit use, or whether providing SSDI beneficiaries with earlier access to medical benefits and other services affects health outcomes and disability benefit use.

Work Activity Among SSA Disability Beneficiaries

SSA recently estimated that about 1.1 million Social Security disability beneficiaries and between 200,000 and 300,000 SSI recipients work in a given year (*i.e.,* have positive earnings from work).[16] These figures represent about 13 percent of all Social Security disability beneficiaries and about 5 percent–7 percent of all working-age SSI recipients in April 2024. In addition, about 0.6 percent of SSDI disabled-worker beneficiaries had their benefits suspended due to work in December 2022 (*i.e.,* due to earnings above the SGA level) and about 0.9 percent had their benefits terminated due to work in 2022.[17] A 2011 study estimated that about 0.5 percent of working-age SSI recipients have their benefits terminated due to work each year.[18]

A 2020 SSA study examined a cohort of working-age individuals awarded SSA disability benefits in 2001 and tracked their outcomes through 2015.[19] The study found that 5.4 percent of those awarded SSDI in 2001 and about 10.1 percent of those awarded SSI in 2001 had their benefits suspended due to work at some point from 2001 through 2015. It also found that 3.5 percent of those awarded SSDI in 2001

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[13] Austin Nichols, Jeffrey Hemmeter, and Debra Goetz Engler, ed., *Lessons from SSA Demonstrations for Disability Policy and Future Research* (Rockville, MD: Abt Press, 2021), p. 1, *https://www.ssa.gov/disabilityresearch/demonstrations/lessons.htm.*

[14] 42 U.S.C. § 434.

[15] 42 U.S.C. § 1310(b).

[16] These estimates are from a SSA proposed rule discussed later on in this statement. *See* footnote 41.

[17] SSA, *Annual Statistical Report on the Social Security Disability Insurance Program 2022,* October 2023, Table 56, *https://www.ssa.gov/policy/docs/statcomps/di_asr/.*

[18] Paul O'Leary, Gina A. Livermore, and David C. Stapleton, "Employment of Individuals in the Social Security Disability Programs," *Social Security Bulletin,* vol. 71, no. 3 (August 2011), *https://www.ssa.gov/policy/docs/ssb/v71n3/v71n3p1.html.*

[19] SSA, *DI & SSI Program Participants: Characteristics & Employment, 2015,* "Work Activity Before and After Award: Long-Term Employment Activity," March 2020, *https://www.ssa.gov/policy/docs/chartbooks/di-ssi-employment/2015/index.html.*

and about 0.5 percent of those awarded SSI in 2001 had their benefits terminated due to work at some point from 2001 through 2015.

Brief History of Efforts to Promote Work Among SSA Disability Beneficiaries

Lawmakers have emphasized vocational rehabilitation (VR) and work as goals of SSA's disability programs since their creation. When lawmakers established SSDI in 1956, they (1) provided SSA with the authority to refer disability applicants to State VR agencies for appropriate VR services, (2) required SSA to suspend the benefits of disability beneficiaries who refused to accept VR services without good cause, and (3) allowed those participating in a State VR program to work above SGA for up to 12 months without having their benefits suspended or terminated.[20] The House report accompanying the 1956 legislation stated:

> We believe that everything possible should be done to support and strengthen vocational rehabilitation. Rehabilitation, where it is possible, is the most economical method of providing for disabled persons and is the most satisfactory for the individual. . . . In order to avoid setting up barriers to vocational rehabilitation the bill specifically provides that a person who performs work while under a State rehabilitation program will not, solely by reason of this work, lose his benefits during the first 12 months while he is testing out a new earning capacity.[21]

In 1960, lawmakers replaced the earlier work incentive with the 9-month TWP and the 3-month grace period.[22] They also made these new work incentives available to all SSDI beneficiaries who pursue work, regardless of whether they participate in a State VR program. Further, lawmakers specified that the level of work activity needed to trigger a TWP month should be lower than the level of work activity that represents SGA.[23]

In 1965, Congress authorized SSA to make payments from the Social Security trust funds to reimburse State VR agencies for the costs of providing services to certain disability beneficiaries, with total VR service payments limited to a specified share of the prior year's total disability benefits.[24]

In 1972, lawmakers replaced the former Federal-State cash assistance programs for older adults and people with disabilities with the new Federal SSI program, effective in 1974.[25] In creating SSI, lawmakers provided SSI applicants and recipients with certain basic income exclusions, which were similar to those permitted under the former adult assistance programs. They also extended a number of SSDI provisions to the new SSI program, such as the definition of disability for adults, the TWP, and the 3-month grace period. In addition, lawmakers extended the same basic VR referral, suspension, and payment provisions to SSI applicants and recipients.

In 1980, Congress established a number of provisions designed to promote work among SSDI and SSI disability beneficiaries.[26] For example, Congress established a reentitlement period (EPE), provided extended Medicare coverage, permitted beneficiaries to deduct certain IRWE from their earnings, and established temporary provisions to permit SSI recipients to have higher levels of earnings and retain their cash and medical benefits (*i.e.,* the 1619[a] and 1619[b] provisions).[27] Congress also required SSA to conduct periodic medical reviews (CDRs) of certain disability beneficiaries, as well as authorized SSA to conduct both SSDI and SSI demonstration

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[20] Social Security Amendments of 1956 (Pub. L. 84–880).

[21] U.S. Congress, House Committee on Ways and Means, *Social Security Amendments of 1955,* report to accompany H.R. 7225, 84th Cong., 1st sess., June 14, 1955, H. Rept. 84–1189, p. 5.

[22] Social Security Amendments of 1960 (Pub. L. 86–778).

[23] U.S. Congress, House Committee on Ways and Means, *Social Security Amendments of 1960,* report to accompany H.R. 12580, 86th Cong., 2nd sess., June 13, 1960, H. Rept. 86–1799, p. 13. In 2024, the TWP earnings level is $1,110 per month, while the SGA earnings level for most individuals is $1,550 per month.

[24] Social Security Amendments of 1965 (Pub. L. 89–97). Initially, VR service payments were limited to 1% of the prior year's total SSDI disability benefits. This amount was increased to 1.5% in the 1970s. The limitation on VR service payments did not apply to SSI, which is financed by annual appropriations.

[25] Social Security Amendments of 1972 (Pub. L. 92–603).

[26] Social Security Disability Amendments of 1980 (Pub. L. 96–265).

[27] For more information, *see* "Social Security Disability Amendments of 1980: Legislative History and Summary of Provisions," *Social Security Bulletin,* vol. 44, no. 4 (April 1981), *https://www.ssa.gov/policy/docs/ssb/v44n4/v44n4p14.pdf.*

projects to test the effectiveness of various changes to program rules designed to encourage work among disability beneficiaries. The following year, Congress replaced the earlier VR payment provisions with a new VR cost reimbursement program, which linked reimbursement for VR services to the disability beneficiary earning above the SGA level within a certain period.[28]

In 1986, lawmakers amended the SSI program to make the 1619(a) and 1619(b) provisions permanent and to eliminate those work incentives that were initially borrowed from the SSDI program (*i.e.,* the TWP, EPE, and 3-month grace period).[29] In explaining the rationale for permitting SSI recipients to have higher levels of earnings under the 1619 provisions while enrolled in a program designed for those with long-term, work-limiting impairments, a Senate report accompanying a related bill noted:

> The committee recognizes that section 1619, in providing benefits or Medicaid eligibility to some people who could no longer qualify as regular SSI applicants (because they have proven their ability to engage in substantial employment), will create some anomalous situations. The committee believes however that the acceptance of some anomalies is a reasonable price to pay for a program which, without an expansion of the basic SSI program, removes substantial disincentives to work attempts by the most highly motivated disability recipients.[30]

During the 1990s, a number of proposals were introduced to reform the provision of employment supports and services to SSDI and SSI disability beneficiaries, as well as to extend health-care coverage to disability beneficiaries who return to work.[31] Interest in these proposals culminated with the enactment of the Ticket to Work and Work Incentives Improvement Act of 1999 (Pub. L. 106–170). Among other things, the legislation established the TTW program, which allowed working-age disability beneficiaries to elect to receive employment supports and services from approved private, nonprofit, and other service providers, in addition to State VR agencies. In creating TTW, lawmakers eliminated SSA's authority to refer disability applicants to State VR agencies and to suspend benefits if disability beneficiaries refused to accept VR services without good cause. The legislation also established EXR, lengthened the reentitlement period (EPE) and the period of extended Medicare coverage, and created new State options under Medicaid to permit certain workers with disabilities to "buy into" Medicaid.[32]

In addition, the 1999 legislation mandated that SSA conduct an SSDI demonstration project to test the effects of reducing SSDI benefits by $1 for each $2 of the beneficiary's earnings above a certain level, similar to how the earned income exclusion works under SSI (*i.e.,* a $1-for-$2 benefit offset). In the 2010s, SSA conducted the Benefit Offset National Demonstration (BOND) to test the effects of a benefit offset and enhanced benefits counseling on employment, earnings, disability benefit use, and certain other outcomes.[33] Under the BOND, after exhausting the TWP and grace period work incentives, the level of earnings over which SSDI benefits started to be reduced was the SGA level.

As part of the Bipartisan Budget Act of 2015 (Pub. L. 114–74), lawmakers mandated that SSA conduct another SSDI demonstration project to test the effects of reducing SSDI benefits by $1 for each $2 of the beneficiary's earnings above a certain level, called the Promoting Opportunity Demonstration (POD). Under the POD, the level of earnings over which SSDI benefits started to be reduced was generally

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[28] Omnibus Budget Reconciliation Act of 1981 (Pub. L. 97–35). *See also* SSA, "Social Security's Vocational Rehabilitation Reimbursement Program," *https://www.ssa.gov/work/vocational_rehab.html.*

[29] Employment Opportunities for Disabled Americans Act (Pub. L. 99–643).

[30] U.S. Congress, Senate Committee on Finance, *Amendments to Section 1619 of the Social Security Act,* report to accompany S. 2209, 99th Cong., 2nd sess., September 22, 1986, S. Rept. 99–466, pp. 3–4, *https://www.finance.senate.gov/imo/media/doc/srpt99-466.pdf.*

[31] *See, for example,* the following bills: H.R. 4230 and S. 1979 (104th Congress); H.R. 534 and H.R. 3433 (105th Congress); and H.R. 1091, H.R. 3070, S. 86, and S. 331 (106th Congress).

[32] SSA, "President Clinton Signs the Ticket to Work and Work Incentives Improvement Act of 1999," December 17, 1999, *https://www.ssa.gov/legislation/legis_bulletin_121799.html.* For more information on Medicaid buy-in pathways, *see* CRS Report R46111, *Medicaid Eligibility: Older Adults and Individuals with Disabilities.*

[33] SSA, "Benefit Offset National Demonstration," *https://www.ssa.gov/disabilityresearch/offsetnational.htm.*

the TWP level, which is lower than the SGA level tested in the BOND.[34] In addition, the POD eliminated the TWP and the 3-month grace period.

Selected Issues

Potential Barriers to Work

In 2018, SSA published a study that included estimates from a 2015 survey of working-age SSDI and SSI disability beneficiaries.[35] Of those beneficiaries who were not working, the most frequently cited reason for not working was that their physical or mental condition prevents them from working (90 percent).[36] Other reasons cited for not working included being discouraged by previous work attempts (26 percent), inaccessible workplaces (26 percent), and the inability to find jobs for which they are qualified (23 percent). (Multiple responses were possible.) The reasons cited by disability beneficiaries for not working are often referred to as *barriers to work.*[37]

Overpayments may be another barrier to work for SSA disability beneficiaries. A work-related overpayment may occur if (1) disability beneficiaries fail to report their work or earnings to SSA in a timely manner or at all, (2) SSA fails to act on work or earnings reports in an appropriate or timely manner, or (3) both. In 2023, the Government Accountability Office (GAO) noted that overpayments may cause financial hardship for those who are liable for the overpayments and that work-related overpayments may discourage further work attempts among disability beneficiaries.[38] For example, a 2024 study found that 3.1 percent of those awarded SSDI benefits in 2008 were overpaid at some point within the 10-year period after their award.[39] Among those who were overpaid, the average total overpayment was $13,556. In addition, a 2021 study found that among SSA disability beneficiaries who were recently employed and overpaid, about 24 percent of SSDI beneficiaries and about 13 percent of SSI recipients changed their employment in response to the overpayment.[40]

Recently, SSA has undertaken a number of initiatives designed to address issues related to overpayments. For example, in February 2024, SSA issued a proposed rule to implement a payroll information exchange with Equifax via *The Work Number,* which covers about two-thirds of non-farm payroll.[41] Under the proposed rule, SSDI and SSI disability beneficiaries may authorize SSA to obtain wage and employment information directly from participating employers each month, which would reduce some of the reporting responsibilities on the part of beneficiaries. SSA expects that receiving monthly data directly from employers through the exchange will allow it to identify overpayments more quickly, which will reduce the quantity and size of overpayments. In addition, SSA recently revised its guidance on recovering and waiving overpayments to reduce some of the potential burdens faced by overpaid beneficiaries.[42]

The complexity of the work incentives available under the SSDI and SSI programs may be another barrier to work. A 2019 technical expert panel convened by SSA concluded that the complexity of SSA's work incentives poses challenges "both

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[34] SSA, "Promoting Opportunity Demonstration," *https://www.ssa.gov/disabilityresearch/pod.htm.*

[35] SSA, *National Beneficiary Survey: Disability Statistics, 2015,* March 2018, *https://www.ssa.gov/policy/docs/statcomps/nbs/2015/index.html.*

[36] *Ibid.,* Table 15.

[37] For a discussion of barriers to work and work incentive use among SSA disability beneficiaries, *see* U.S. Government Accountability Office (GAO), *Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs,* October 28, 2021, pp. 17–23, *https://www.gao.gov/products/gao-22-104031.*

[38] GAO, *Disability Insurance: SSA Faces Ongoing Challenges with Overpayments,* October 18, 2023, pp. 8–9, *https://www.gao.gov/products/gao-24-107113.*

[39] Denise Hoffman et al., "Work Overpayments Among New Social Security Disability Insurance Beneficiaries," *Social Security Bulletin,* vol. 84, no. 1 (February 2024), Table 1, *https://www.ssa.gov/policy/docs/ssb/v84n1/v84n1p49.html.*

[40] Marisa Shenk and Gina Livermore, *Work-Related Overpayment and Benefit Suspension Experiences of Federal Disability Beneficiaries,* Center for Retirement Research at Boston College, November 1, 2021, Table 5, *https://crr.bc.edu/work-related-overpayment-and-benefit-suspension-experiences-of-federal-disability-beneficiaries/.*

[41] SSA, "Use of Electronic Payroll Data To Improve Program Administration," 89 Federal Register 11773, February 15, 2024, *https://www.federalregister.gov/documents/2024/02/15/2024-02961/use-of-electronic-payroll-data-to-improve-program-administration.*

[42] For more information, *see* CRS In Focus IF12632, *Social Security Overpayments: Debt Recovery.*

for beneficiaries' work efforts and for SSA's ability to administer the program."[43] In addition, in 2021, GAO noted that several of the experts it interviewed stated that SSA's work incentives "are so numerous and complex that even within SSA only a small number of specialists understand them."[44]

To address issues related to work incentive complexity, Congress established the Work Incentives Planning and Assistance (WIPA) program in 1999. Under WIPA, SSA funds community-based organizations that provide SSDI and SSI disability beneficiaries with free, in-depth benefits counseling on how work and earnings may affect their cash and medical benefits.[45] Each organization or WIPA project is staffed by trained Community Work Incentive Coordinators. SSA funds 74 WIPA projects across the country, which serve about 30,000 disability beneficiaries each year.[46] Administrations have also put forth proposals to simplify SSA's work incentives. For instance, the President's budget for FY 2021 proposed to "replace existing return-to-work programs and earnings rules with a simple system of offsetting DI benefits based on a 4-tier earnings structure that is simpler and more efficient to administer."[47] This proposal was not enacted into law.

Ongoing Update to Jobs Data Used in Certain Disability Determinations

SSA uses a five-step sequential evaluation process to determine whether individuals meet the definition of disability under the Social Security Act. Sometimes, medical evidence is sufficient for SSA to determine whether individuals' impairments are severe enough to meet the disability criteria. If SSA cannot determine that individuals meet the definition of disability based solely on medical evidence, then the agency must determine whether such individuals, despite their impairments, can do the work they have done in the past or adjust to other work available in the national economy.

As part of the Occupational Information System (OIS) project, SSA has been updating the jobs data that it relies on for disability determinations involving vocational assessments. After determining that someone—despite their impairment—cannot perform their past work, SSA must also assess whether the individual can adjust to any other work available in significant numbers in the national economy given their age, education, and work experience. SSA currently relies on jobs data in the Dictionary of Occupational Titles (DOT)—developed by the Department of Labor in 1938 and last updated in 1991—when making such determinations.[48] Since FY 2012, SSA has been partnering with the Bureau of Labor Statistics to develop an updated source of data—the Occupational Requirements Survey (ORS)—on jobs and their requirements for use in its disability determinations. ORS will be the main source of the OIS's updated jobs information, in addition to certain data from other sources. Between FY 2012 and FY 2023, SSA obligated a total of $272.8 million to the OIS project.[49] To date, SSA has not implemented the OIS. According to SSA's OIS Project Frequently Asked Questions webpage, the agency will start using OIS data in its disability determinations after it has "finalized [its] policy changes" and has "made conforming changes to [its] computer systems."[50]

Conclusion

Lawmakers established the SSDI and SSI disability programs to support eligible adults who cannot perform substantial work due to their severe, long-term impairments. At the same time, lawmakers and program officials have established work incentives and return-to-work initiatives to promote vocational rehabilitation and

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[43] Daniel Gubits et al., *Post-Entitlement Earnings Simplification Demonstration Technical Experts Panel Meeting: Final Report,* Abt Associates, July 22, 2019, p. 9, *https://www.ssa.gov/disabilityresearch/teps.htm?ab=2.*

[44] GAO, *Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs,* p. 22.

[45] SSA, "Work Incentives Planning and Assistance," *https://www.ssa.gov/work/WIPA.html.*

[46] Robert Pfaff, "Overview of Social Security Administration's (SSA) Return to Work Programs," in *Exploring the Ticket to Work Program to Elevate Employment for Job Seekers with Disabilities,* February 14, 2023, slide 11.

[47] SSA, *Justification of Estimates for Appropriations Committees, Fiscal Year 2021,* February 10, 2020, p. 23, *https://www.ssa.gov/budget/.*

[48] SSA also uses the expertise of trained vocational specialists (at the initial level) and vocational experts (at the appeals level) in cases requiring vocational evaluations of individuals' ability to do past and other work given their impairments.

[49] SSA, *Justification of Estimates for Appropriations Committees, Fiscal Year 2025,* March 11, 2024, Table 2.24, p. 79, *https://www.ssa.gov/budget/.*

[50] SSA, "Occupational Information System Project FAQs," *https://www.ssa.gov/disability research/ois_project_faqs.html.*

encourage work among SSDI and SSI disability beneficiaries. Striking the appropriate balance between these competing objectives is something both lawmakers and program officials have wrestled with over the years. For example, a 1986 report from the Senate Committee on Finance noted:

> While the Congress has found it necessary and important to limit eligibility under these programs to those who are so medically disabled that they cannot work, the committee recognizes that some individuals determined to meet the Social Security Act definition of disability are nevertheless so motivated towards work and independence that they later manage to work in spite of their impairments.
>
> Such individuals present a difficult dilemma for public policy. Allowing them to continue receiving income maintenance benefits would seem to undermine the fundamental Congressional decision that eligibility be limited to those who cannot work. . . . On the other hand, terminating benefits in such circumstances can be a powerful disincentive to the work efforts which these severely disabled individuals are otherwise motivated to attempt.[51]

From the early 1980s through the late 1990s, lawmakers responded to the relatively low levels of work activity among disability beneficiaries by establishing new work incentives (or modifying existing ones) targeted at work-oriented individuals in specific situations (*e.g.,* when their benefits are suspended or reduced to zero). This approach increased the variety of work incentives and other supports available to SSDI and SSI disability beneficiaries while also adding complexity to both programs.

Over the last 25 years, SSA has conducted a number of demonstration projects to inform lawmakers about the effectiveness of different program rule changes designed to promote work and improve outcomes for SSDI and SSI disability beneficiaries. SSA commissioned a summary report of "lessons learned" from its past demonstration projects, which was issued in 2021. Acknowledging that individual demonstrations varied widely in terms of their impacts, the report makes the "general conclusion" that while, on average, the program rule changes that were tested meaningfully increased employment, they did not substantially increase net earnings or reduce disability benefits.[52] The report also States that there are "nonmonetary benefits to work that have personal and social value."[53] In a 2023 study of the TTW program, two SSA researchers noted that "significant changes in beneficiary work activity would seem to require structural changes to the disability program rules that would change beneficiary incentives for work."[54]

QUESTIONS SUBMITTED FOR THE RECORD TO WILLIAM R. MORTON

QUESTIONS SUBMITTED BY HON. MIKE CRAPO

Question. Is all income considered when determining Supplemental Security Income (SSI) eligibility and monthly payment amounts? If not, please provide a detailed list of the income that is disregarded for the purpose of determining SSI eligibility and payment amounts.

Are all resources counted when determining SSI eligibility? If not, please provide a detailed list of the resources that are excluded for the purpose of determining SSI eligibility.

Answer. Supplemental Security Income (SSI) is a means-tested Federal assistance program that provides monthly cash payments to eligible individuals who are age 65 or older, blind, or have qualifying disabilities. There are no work or contribution requirements to qualify for SSI. However, because the program is based on need, it is restricted to people whose countable income and resources (assets) are within statutorily prescribed limits.

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[51] U.S. Congress, Senate Committee on Finance, *Amendments to Section 1619 of the Social Security Act,* report to accompany S. 2209, 99th Cong., 2nd sess., September 22, 1986, S. Rept. 99–466, p. 2.

[52] Austin Nichols, Jeffrey Hemmeter, and Debra Goetz Engler, eds., *Lessons from SSA Demonstrations for Disability Policy and Future Research,* p. 22.

[53] *Ibid.*

[54] Paul O'Leary and Emily Roessel, "Effects of the Ticket to Work Program: Return on Investment and Overall Assessment of Outcomes Versus Design," *Social Security Bulletin,* vol. 83, no. 1 (February 2023), p. 29, *https://www.ssa.gov/policy/docs/ssb/v83n1/v83n1p1.html.*

SSI counts all types of income and resources except for those that are excluded explicitly by Federal law or by the Social Security Administration's (SSA's) regulations and sub-regulatory guidance. Certain income is excluded (not counted) in determining SSI eligibility and monthly payment amounts, such as:

- The first $20 per month of any income (earned or unearned);[1]
- The first $65 per month of earned income plus one-half of any earned income above $65 per month;
- The first $30 per calendar quarter of infrequent or irregular earned income;
- The first $60 per calendar quarter of infrequent or irregular unearned income;
- Food assistance provided under the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC);
- Energy assistance provided under the Low-Income Home Energy Assistance Program (LIHEAP);
- Housing assistance provided by most federally supported housing programs;
- Federal tax refunds and advance tax credits, including the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC);
- Assistance based on need that is funded wholly by a State or local entity;
- The first $2,000 received during a calendar year as compensation for participation in a clinical trial involving research and testing of treatments for a rare disease or condition;
- Impairment-related work expenses (IRWEs) for disability recipients and blind work expenses (BWEs) for blind recipients; and
- Any income used to fulfill a plan to achieve self-support (PASS).

Certain resources are also excluded in determining SSI eligibility, such as:

- The person's primary residence;
- Household goods and personal effects;
- One automobile used for transportation;
- Property essential to self-support;
- Health flexible spending arrangements (FSAs);
- Resources needed to fulfill a PASS;
- Federal tax refunds and advance tax credits, including the EITC and CTC, for a 12-month period after receipt;
- All life insurance policies on a person up to a combined face value of $1,500;
- Up to $1,500 in burial funds set aside for burial expenses of the individual or the individual's spouse;
- Special needs trusts and pooled trusts that meet the requirements of Medicaid law; and
- The first $100,000 in an Achieving a Better Life Experience (ABLE) account.

Additional examples of SSI income and resource exclusions can be found in SSA's Annual Report of the Supplemental Security Income Program[2] and in the agency's policy manual.[3]

QUESTIONS SUBMITTED BY HON. TODD YOUNG

Question. Can you explain the historical context or original rationale for establishing the 5-month waiting period for Social Security Disability Insurance (SSDI) benefits?

Answer. Social Security Disability Insurance (SSDI) is a contributory social insurance program that provides monthly cash benefits to eligible workers who experience long-term, work-limiting disabilities. To qualify, individuals must have worked for a sufficient period in jobs covered by Social Security and be unable to perform

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[1] Any portion of the $20 amount that is not used to exclude unearned income (*e.g.,* Social Security benefits) in a given month can be applied to any earned income (*e.g.,* wages) for that month. The $20 general income exclusion does not apply to unearned income in the form of in-kind support and maintenance received in the household of another or income based on need.

[2] SSA, Office of the Chief Actuary, *Annual Report of the Supplemental Security Income Program, 2024,* "B. Income and Resource Exclusions," May 30, 2024, *https://www.ssa.gov/oact/ssir/SSI24/V_B_Exclusions.html#39817.*

[3] *See, for example,* SSA, *Program Operations Manual System (POMS),* "SI 00830.099 Guide to Unearned Income Exclusions," April 23, 2013, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0500830099;* and SSA, POMS, "SI 01130.050 Guide to Resources Exclusions," August 16, 2017, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0501130050.*

any substantial gainful activity due to any medically determinable physical or mental impairment that is expected to last for at least 12 months or to result in death. Entitlement to SSDI generally begins 5 full consecutive calendar months after an eligible worker's disability onset date. This statutory requirement is known as the *5-month waiting period.*

Disabled workers have been required to serve a non-compensatory waiting period since SSDI was established in 1956 (Pub. L. 84–880).[4] Originally, lawmakers required disabled workers to serve a 6-month waiting period, which was the standard used by many private insurance companies at the time.[5] Lawmakers reduced the waiting period to 5 months in 1972 (Pub. L. 92–603) to "diminish the financial hardships faced by those workers who have little or no savings or other resources to fall back on during the early months of long-term total disability."[6]

Congress required SSDI claimants to satisfy a waiting-period requirement primarily for three reasons. First, lawmakers viewed the waiting period as an administratively simple method for screening out temporary impairments under a program that was designed for workers who are "permanently and totally disabled."[7] The House report accompanying the 1956 legislation that created the program stated, "[t]he 6-month waiting period is long enough to permit most temporary conditions to be corrected or to show definite signs of probable recovery."[8] Lawmakers designed SSDI's waiting period to work in tandem with the disability duration requirement, with the waiting period (currently 5 months) intended to screen out most temporary impairments and the duration requirement (currently 12 months) intended to screen out those impairments that last longer than the waiting period but are still considered to be of a temporary nature (*e.g.,* an impairment stemming from an automobile accident that is expected to last 10 months).[9]

Second, lawmakers viewed having to forgo earnings and benefits during the waiting period as a feature that reduced the attractiveness of SSDI, such that workers with less severe disabilities who could otherwise work would be discouraged from applying for benefits. The House report accompanying the 1956 legislation that created the program stated, "[t]he fact that the worker will frequently be without income during that period would make it unprofitable for a person who could work not to do so."[10] Likewise, an earlier report from an advisory council to the Senate Committee on Finance stated, "the waiting period—constituting as it does in most cases a 6-month period without income—would make it very unprofitable for would-be malingerers to give up work and attempt to qualify for benefits."[11]

Third, supporters of SSDI in 1956 noted that the inclusion of a waiting period reduces costs to the program.[12] The waiting period reduces program costs by preventing the payment of benefits to claimants who improve medically or die during

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[4] For a history of the SSDI program, *see* John R. Kearney, "Social Security and the 'D' in OASDI: The History of a Federal Program Insuring Earners Against Disability," *Social Security Bulletin,* vol. 66, no. 3 (August 2006), *https://www.ssa.gov/policy/docs/ssb/v66n3/v66n3p1.html.*

[5] Kenneth W. Herrick, *Total Disability Provisions in Life Insurance Contracts* (Homewood, Ill: Richard D. Irwin, Inc., 1956), p. 122, *https://babel.hathitrust.org/cgi/pt?id=mdp.39015017364889&seq=144.*

[6] U.S. Congress, House Committee on Ways and Means, *Social Security Amendments of 1971,* report to accompany H.R. 1, 92nd Cong., 1st sess., H. Rept. 92–231 (Washington, DC: GPO, 1971), p. 56, *https://books.google.com/books?id=UKtqAAAAMAAJ&pg=PA56#v=onepage&q&f=false.*

[7] U.S. Congress, House Committee on Ways and Means, *Social Security Amendments of 1955,* report to accompany H.R. 7225, 84th Cong., 1st sess., July 14, 1955, H. Rept. 84–1189, p. 3, *https://books.google.com/books?id=8YHQAAAAMAAJ&newbks=1&pg=PA3#v=onepage&q&f=false.*

[8] *Ibid.,* p. 6.

[9] *Ibid.,* pp. 5–6. *See also* Rep. A. Sidney Camp, "Social Security Act Amendments of 1949," House debate, *Congressional Record,* vol. 95, part 11 (October 5, 1949), pp. 13915–13916, *https://www.govinfo.gov/content/pkg/GPO-CRECB-1949-pt11/pdf/GPO-CRECB-1949-pt11-1-2.pdf#page=19.* Originally, the disability duration requirement was "to be of long-continued and indefinite duration." Lawmakers changed the duration requirement to the current 12-month standard in 1965 (Pub. L. 89–97).

[10] H. Rept. 84–1189, p. 6.

[11] U.S. Congress, Senate Committee on Finance, *Recommendations for Social Security Legislation: The Reports of the Advisory Council on Social Security to the Senate Committee on Finance,* 80th Cong., 2nd sess., December 31, 1948, S. Doc. 80–208 (Washington, DC: GPO, 1949), p. 74, *https://www.finance.senate.gov/imo/media/doc/Sdoc208.pdf#page=90.*

[12] Senator Walter F. George, "Social Security Amendments of 1956," Senate debate, *Congressional Record,* vol. 102, part 10 (July 17, 1956), p. 13039, *https://www.govinfo.gov/content/pkg/GPO-CRECB-1956-pt10/pdf/GPO-CRECB-1956-pt10-1-1.pdf#page=59.*

the waiting period and by reducing the number of months for which benefits are payable over the beneficiary's lifetime. The waiting period may also reduce program costs by deterring some workers with less severe disabilities who could otherwise work from applying for benefits.

During the development of SSDI, Congress reviewed the practices of private insurance companies, which typically include waiting periods in their short-term and long-term disability insurance policies. In the private disability insurance market, a waiting period—also known as an elimination period—serves as a deductible, which is the insured individual's portion of the loss incurred under the policy. Insurance policies generally require the insured individual to pay the deductible out of pocket with their savings or other income before the insurance company begins to pay for its share of the covered loss. Unlike dollar deductibles in health insurance policies that specify the dollar amount the insured individual must pay for their medical expenses before the insurance company starts paying for such expenses, waiting period deductibles in disability insurance policies specify the amount of time the insured individual is responsible for financing the cost of their own general living expenses before the insurance company begins to pay wage-replacement benefits.

A deductible is a form of cost sharing that reduces both the expenses paid by the insurance company and the premiums paid by the insured individual. In general, disability insurance policies with longer waiting periods have lower premiums, while those with shorter waiting periods have higher premiums. Today, group long-term disability insurance plans often use a waiting period of 3 or 6 months.[13] The use of waiting period deductibles in disability insurance policies is also designed to discourage individuals who could otherwise work from applying for benefits by making them incur up-front costs tied to application and benefit receipt.

Question. How does the SSDI waiting period compare to disability insurance programs in other developed countries? Have benefits been realized from such policy?

Answer. Comparing SSDI and its waiting period to the disability insurance programs in other countries presents a number of challenges due to differences between countries in the availability of other benefit programs, labor markets, legal protections, social norms, institutions, and certain other factors. That said, CRS was able to find some limited information on the use of waiting periods in selected countries' disability insurance programs.

In 2022, two researchers affiliated with the European Social Policy Network published a synthesis report on the disability-specific income support systems of 27 European Union (EU) member states and eight non-EU countries.[14] The report examined both contributory long-term disability insurance programs (similar to SSDI in the United States) and non-contributory long-term disability assistance programs (similar to SSI in the United States). The report found that three EU member states (Belgium, Cyprus, and Italy) and three non-EU countries (Montenegro, North Macedonia, and the United Kingdom) used waiting periods in their contributory long-term disability insurance programs.[15] The duration of the waiting periods used in these countries' contributory long-term disability insurance programs ranged from 7 days in the United Kingdom to 12 months in Belgium.[16] The report also found that six EU member states (Bulgaria, Cyprus, Finland, Italy, the Netherlands, and Portugal) and four non-EU countries (Albania, Montenegro, Kosovo, and the United

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[13] David Wall, *Group Long-term Disability Insurance Experience,* Society of Actuaries, November 9, 2021, slide 28, *https://www.ssa.gov/OACT/presentations/ocact_20211109.pdf#page=28.*

[14] Isabel Baptista and Eric Marlier, *Social protection for people with disabilities in Europe: An analysis of policies in 35 countries,* European Social Policy Network (Luxembourg: Publications Office of the European Union, 2022), *https://op.europa.eu/en/publication-detail/-/publication/ef1a0223-9e1e-11ed-b508-01aa75ed71a1/language-en.*

[15] *Ibid.,* pp. 35–36.

[16] *Ibid.,* p. 36. According to one report on the United Kingdom, a person usually cannot receive the New Style Employment and Support Allowance (ESA) for the first 7 days of limited capability for work. However, the report notes that a person cannot receive the New Style ESA if they are entitled to Statutory Sick Pay, which is paid by employers for the first 28 weeks of sickness absence. Consequently, the effective waiting period for New Style ESA may be longer than 7 days in some cases. *See* Fran Bennett and Caroline Glendinning, *ESPN Thematic Report on Social protection for people with disabilities—United Kingdom,* European Social Policy Network (Brussels: European Commission, 2022), p. 7, *https://ec.europa.eu/social/main.jsp?pager.offset=35&advSearchKey=ESPN_Disability2022&mode=advancedSubmit&catId=22&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0.*

Kingdom) used waiting periods in their non-contributory long-term disability assistance programs.[17]

Certain countries outside of Europe also use waiting periods in their long-term disability benefit programs. For example, Canada's pension plans—the Canada Pension Plan and the Québec Pension Plan—both pay long-term disability benefits beginning with the 4th month following the month in which the person was determined to have a qualifying disability.[18]

Some countries' long-term disability benefit programs do not have a formal waiting-period requirement but are structured to typically pay long-term disability benefits after the individual has exhausted short-term disability or sickness benefits (*e.g.,* Finland).[19] A 2022 report from the Organisation for Economic Co-operation and Development (OECD) examined and visually mapped out the transitions from short-term disability or sickness benefits to long-term disability benefits in Austria, Belgium, Canada, the Netherlands, Norway, and Switzerland.[20]

CRS was unable to find any studies that examine the policy effects of using waiting periods in long-term disability benefit programs across countries. However, CRS found several studies that may be informative about the effects of waiting periods in long-term disability benefit programs generally.

For example, a 2014 study that analyzed the administrative claims data of a U.S. private insurance company found that shorter waiting periods significantly increase the likelihood of covered workers being awarded private long-term disability insurance benefits.[21] Specifically, the study found a reduction in the waiting period from 180 days (about 6 months) to 90 days (about 3 months) resulted in an approximate doubling of the rate at which covered workers were awarded private long-term disability insurance benefits. The study estimated that about 60 percent of this effect was due to the elimination of claims from workers with temporary impairments that improved medically before the end of the waiting period, and the other 40 percent of the effect was due to deterring workers with less severe disabilities from claiming benefits. The study found the effect was particularly strong for covered workers who later returned to work after receiving private long-term disability insurance benefits and for those who continued to receive private long-term disability insurance benefits but were not entitled to SSDI.[22] The study found that the waiting period had "no effect" on the likelihood of being awarded private long-term disability insurance benefits for covered workers who later became entitled to SSDI, which the study described as the "least healthy" group of private long-term disability insurance recipients.[23]

In addition, a 2021 study that analyzed Canadian administrative tax and benefits records found that access to employer-provided private short-term disability insurance increases the likelihood of covered workers receiving benefits from Canada's public long-term disability insurance system.[24] The study found that the availability of private short-term disability insurance allows some workers with disabilities who

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[17] Isabel Baptista and Eric Marlier, *Social protection for people with disabilities in Europe: An analysis of policies in 35 countries,* pp. 43 and 45. The SSI program in the United States does not use a waiting period.

[18] Government of Canada, "Canada Pension Plan disability benefit toolkit: When will I receive my benefit," *https://www.canada.ca/en/employment-social-development/programs/pension-plan-disability-benefits/reports/toolkit.html#h4.2;* and Government of Québec, "Disability pension under the Québec Pension Plan: First payment," *https://www.retraitequebec.gouv.qc.ca/en/invalidite/prestations-invalidite-rrq/Pages/rente-invalidite-rrq.aspx.*

[19] Laura Kalliomaa-Puha and Olli Kangas, *ESPN Thematic Report on Social protection for people with disabilities—Finland,* European Social Policy Network (Brussels: European Commission, 2022), p. 10, *https://ec.europa.eu/social/main.jsp?pager.offset=10&advSearchKey=ESPN_Disability2022&mode=advancedSubmit&catId=22&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0.*

[20] OECD, *Disability, Work and Inclusion: Mainstreaming in All Policies and Practices* (Paris: OECD Publishing, 2022), Figure 4.10, p. 127, *https://www.oecd.org/en/publications/disability-work-and-inclusion_1eaa5e9c-en/full-report.html.*

[21] David Autor, Mark Duggan, and Jonathan Gruber, "Moral Hazard and Claims Deterrence in Private Disability Insurance," *American Economic Journal: Applied Economics,* vol. 6, no. 4 (October 2014), p. 112, *https://www.aeaweb.org/articles?id=10.1257/app.6.4.110.*

[22] *Ibid.,* p. 128.

[23] *Ibid.*

[24] Michael Stepner, *The Long-Term Externalities of Short-Term Disability Insurance,* NBER Working Paper NB21–10, September 2021, *https://www.nber.org/sites/default/files/2021-12/NB21-10%20Stepner.pdf.*

could otherwise work to claim short-term disability benefits while they satisfy the waiting-period requirement for public long-term disability insurance.

PREPARED STATEMENT OF SUSAN WILSCHKE, ASSOCIATE COMMISSIONER, OFFICE OF RESEARCH, DEMONSTRATION, AND EMPLOYMENT SUPPORT, SOCIAL SECURITY ADMINISTRATION

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 1 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 3 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 9-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 (Pub. 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.[1]

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.[2] 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 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.

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[1] 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, *https://www.ssa.gov/policy/docs/ssb/v84n1/v84n1p49.html;* 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, *https://www.ssa.gov/policy/docs/ssb/v79n2/v79n2p65.html*.

[2] 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.*

Completed Demonstrations

In 2021, a comprehensive study examined the lessons learned from 4 decades of SSA's disability demonstration research.[3] 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.[4]

Specific completed projects include:

- 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 3-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 5-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

[3] Nichols, Austin, Jeffrey Hemmeter, and Debra Goetz Engler, eds. 2021. *Lessons from SSA Demonstrations for Disability Policy and Future Research, https://www.ssa.gov/disabilityresearch/demonstrations/documents/SSALessons_Final.pdf.* Rockville, MD: Abt Press.

[4] *Id.* at 177.

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.[5]
- 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.[6]

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.
- 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 1 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.

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[5] Frey, Ph.D., William D. and Robert E. Drake, M.D., Ph.D., et al. 2011. *Mental Health Treatment Study Final Report, https://www.ssa.gov/disabilityresearch/documents/MHTS_Final_Report_508.pdf.*

[6] 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, https://www.ssa.gov/disabilityresearch/documents/hopefinalreport.doc.*

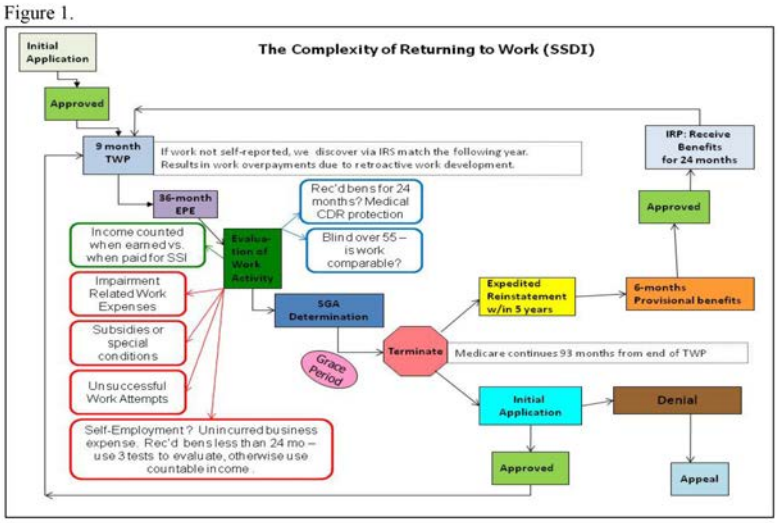
CONCLUSION

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

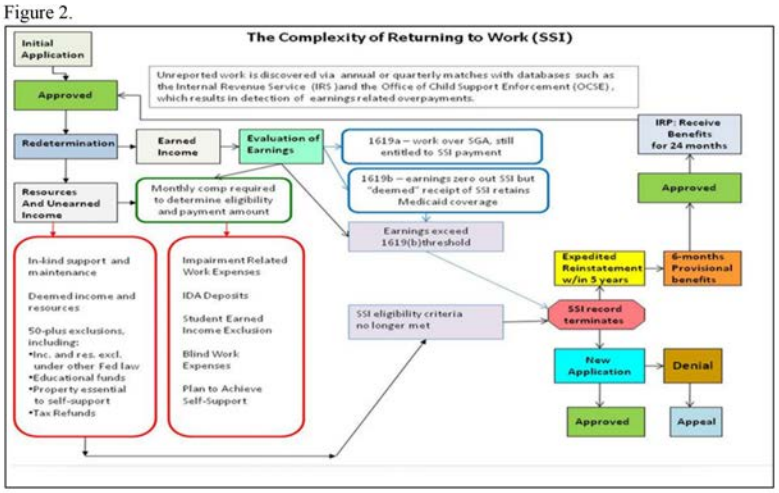
Figure 1.



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

QUESTIONS SUBMITTED FOR THE RECORD TO SUSAN WILSCHKE

QUESTIONS SUBMITTED BY HON. RON WYDEN

Question. At the hearing, a witness discussed the frustration field office employees experience when obtaining documentation from employers about subsidies, special conditions, and other aspects of determining whether a beneficiary is performing substantial gainful activity (SGA).

What alternatives to employer documentation are allowed under current SSA policy when making SGA determinations?

Answer. Current policy does not require an SSA technician to have employer documentation when applying subsidy in an SGA determination. When an employer does not provide a specific subsidy, the technician can send Form SSA–3033, which guides the employer through the calculation of the subsidy and requests information to help the technician when applying the subsidy. In addition, this information about the subsidy can be obtained from the employer or other knowledgeable source via phone contact and documented on a report of contact, in the processing system, or the like. When the employer does not return the SSA–3033 and cannot otherwise be reached, the SSA technician is permitted by regulation and policy to determine a non-specific subsidy by determining the time, energy, skills, and responsibility involved with the applicant or beneficiary's work activity.

Question. Are there any legislative changes SSA believes would be required to expand alternatives to employer documentation for SGA determinations?

Answer. No. Current policy does not require employer documentation when applying subsidy in an SGA determination. The SSA technician may determine the subsidy by determining the time, energy, skills, and responsibility involved with the applicant or beneficiary's work activity.

Question. Does SSA have any plans for policy revisions, clarifications, or employee training on the topic of SGA determinations?

Answer. SSA is taking steps to strengthen employee understanding of SGA determinations. This includes developing a new system that will guide SSA technicians through the Work Issue Continuing Disability Review process and SGA determinations, including the application of subsidy.

We also have regular meetings and correspond with our regional Area Work Incentive Coordinators (AWICS) who administer training on best practices and issue policy clarifications to the technicians in their regions, including to Work Incentive Liaisons (SSA employees trained in work incentive provisions) in field offices. These efforts enable our technicians to make accurate SGA determinations.

Question. During the hearing, several witnesses discussed how the agency's complex policies related to work often make it difficult for employees to clearly and accurately articulate SSA's rules to beneficiaries. One witness noted that SSA's customer service and teleservice representatives (TSCs)—the SSA employees who answer the national 800 number—have limited experience and may not be able to effectively communicate SSA's work incentive rules to beneficiaries. Further, they mentioned that these employees are not able to view the individual's work determination and see where they are in the return to work cycle or which work incentives have been applied, which increases the risk of a beneficiary experiencing an overpayment.

What is SSA doing to help SSA employees provide clear and accurate information to the public?

Answer. We continuously train our employees and strive to develop new ways to help them maintain a working knowledge of our programs, services, and policies.

For example, we release internal bulletins, newsletters, and electronic publications that introduce new policies, clarify existing policies, or provide technical instructions. We offer services for the deaf and hard of hearing through a separate toll-free number. Moreover, our Office of Learning recently released a monthly, on-demand, limited-series Employment Support training. Each training episode provided detailed information about work incentives available to Social Security Disability Insurance (SSDI) beneficiaries and Supplemental Security Income (SSI) program recipients.

Question. Is SSA considering improving TSC systems so they can provide additional information to callers, including the individual's work determination?

Answer. Yes. SSA is modernizing the Customer Help and Information Program (CHIP) by enhancing the Technician Experience Dashboard to provide TSC technicians a modernized platform to access a customer's information, benefits, and earnings in a consolidated and easy to navigate format. The dashboard offers technicians the ability to locate notices sent to the customer, current benefits payable, and payment status when assisting with calls. As of June 2024, eWork is available for TSC technicians to report changes in work status.

The Amazon Web Services (AWS) telephone system is another new addition that enables technicians to handle calls more efficiently by reducing the average time for calls to filter to a technician. Additionally, instead of waiting on hold for an available agent, customers are now offered the option to receive a call back.

We continue to seek out and implement improvements to the claim status option in the telephone interactive voice recognition (IVR) process in addition to evaluating new technology and application options—such as work determinations—that may help improve the customer experience.

Question. SSA describes requesting a Benefits Planning Query (BPQY) as "the first step in planning a successful return to work or working for the first time," providing beneficiaries information about their earnings history and explaining how future earnings affect benefit eligibility. Between 2015 and 2021, SSA ran a pilot program focused on expedited processing of BPQY requests. In SSA's FY 2022 Congressional Justification, SSA found the centralized BPQY process appeared to be "more cost effective" and considered the pilot successful.

What is the status of SSA's BPQY pilot?

Answer. We completed the BPQY pilot in FY 2021. We measured and compared the average processing time of BPQYs created through both centralized and decentralized processes. We found that a centralized BPQY process was more cost-effective than the decentralized method of processing.

Question. Has SSA implemented—or planned to implement—any changes to its processes based on the results of the pilot?

Answer. We do not have any changes currently scheduled and consider this project in the context of our funding prioritization processes.

Question. Are there any plans to allow BPQY requests and provision of BPQYs through the *my* Social Security portal?

Answer. Yes, we have started to build the infrastructure and develop the business process for migrating the BPQY to the *my* Social Security portal.

Question. As you know, SSDI and SSI beneficiaries are able to deduct the cost of certain impairment-related items and services—impairment-related work expenses (IRWE)—from counting toward SSDI and SSI's income rules. This can include assistive technology or equipment, medical devices, costs related to owning a service animal, and paying for medication or treatment necessary for their disabling condition. However, in 2021, fewer than 5,000 SSDI and 2,000 SSI beneficiaries submitted IRWEs. Further, according to the National Beneficiary Survey, less than 10 percent of SSDI and SSI beneficiaries were aware of the incentive.

What is SSA doing to increase awareness of these incentives?

Answer. We take several steps to raise awareness of the incentives, including the following:

- Conducting monthly Work Incentive Seminar Events (WISE). WISE webinars are online events that inform the public about the Ticket to Work program and work incentives available through accessible learning opportunities, including IRWEs. We advertise these events in various ways, including publicizing them on our website for disability beneficiaries, *https://choosework.ssa.gov/;*
- Disseminating information through an opt-in text messaging campaign (beneficiaries can opt-in through clicking on links made available on our website, blog posts, or during WISE webinars). The text messages inform beneficiaries, program stakeholders, and members of the public about work incentives and WISE events;
- SSA began engaging in discussions with the Rehabilitation Services Administration to enhance tribal community participation in the Ticket to Work program;
- The Ticket to Work telephone help line offers bilingual services; and
- Making information about IRWEs and other work incentives available to beneficiaries through the Ticket to Work help line or the Work Incentives Planning and Assistance (WIPA) program.

WIPA services offer beneficiaries a personalized evaluation of benefits relative to their work goals. This includes education about work incentives such as IRWE, subsidy, and a host of other work supports and incentives. In recent years, we have been forced to restrict WIPA referral criteria and outreach due to funding limitations. Funding levels may only be increased by Congress, which have not been increased since 1999.

Question. SSA describes expedited reinstatement (EXR) as "a safety net for people who successfully return to work and lose their entitlement to" SSI or DI benefits. By law, SSA can pay a maximum of 6 months of provisional benefits to people with pending EXR requests. However, it often takes SSA longer than 6 months to process the EXR request, forcing people with disabilities to wait in limbo without financial support.

For each of the past 5 fiscal years and Fiscal Year (FY) 2024 year to date, how many EXR requests were submitted? Please provide data for DI-only, SSI-only, and concurrent benefits

Answer. Please see Attachment A. The data are through July 2024.

ATTACHMENT A

Expedited reinstatement cases (EXR)

Number of EXR cases filed and length of time for completion of the EXR by year

	2019	2020	2021	2022	2023	2024 (YTD)
Request submitted	15,267	11,236	12,688	17,455	19,125	17,422
DI-only	13,386	9,694	10,963	14,507	15,809	14,402
SSI-only	315	252	321	127	3	3
Concurrent	818	622	708	2,511	3,313	3,017
Unknown	748	668	696	310	0	0
Adjudicated within 6 months	7,269	2,991	3,252	10,339	14,808	10,654
DI-only	6,415	2,624	2,828	8,563	12,263	8,760
SSI-only	148	63	103	51	3	2
Concurrent	406	174	179	1,631	2,542	1,892
Unknown	300	130	142	94	0	0
Pending over 6 months	7,998	8,245	9,436	6,985	3,776	516
DI-only	6,971	7,070	8,135	5,839	3,126	435
SSI-only	167	189	218	76	0	0
Concurrent	412	448	529	854	650	81
Unknown	448	538	554	216	0	0

SOURCE: Disability Control File (DCF) for data 2019–March 2022, Electronic Disability Control System (EDCS) for data March 2022–July 2024.

Notes: Discrepancies in totals and cases pending over 180 days include pending appeals, technical denials that were not manually closed out, and cases that require more lengthy development. For 2019–2022, due to data inconsistencies, we included an "Unknown" row.

Question. How many EXR requests described above took more than 6 months to adjudicate, or have been pending for over 6 months?

Answer. Please see Attachment A above.

Question. Please describe any SSA initiatives to track EXR processing times or to increase the percentage of EXR requests adjudicated within the 6-month provisional benefit period.

Answer. The EXR workload has historically been paper-based, which has led to processing delays. On March 5, 2022, SSA introduced an electronic processing system for EXR cases to help process EXR cases faster and track them better.

Question. A recent Social Security Bulletin study, "Work Overpayments Among New Social Security Disability Insurance Beneficiaries" (Vol. 84, No. 1, 2024) tracked the experiences of individuals who were awarded SSDI benefits for the first time in 2008 and were at risk of overpayment because of work activity. Of those at risk of an overpayment, 82 percent were overpaid within 10 years after being awarded benefits. Of those impacted, half experienced an overpayment within the first 4 years after award. The study's authors suggested SSA send "well-formatted earnings-reporting reminders sent" to beneficiaries within the first 4 years to help encourage "timely reporting and reduce the likelihood or amount of overpayments." The authors also suggested SSA partner with employment service providers—Employment Networks (ENs) and State Vocational Rehabilitation Agencies (SVRAs)—to help assist beneficiaries submit earnings reports, or even submit the reports on the beneficiaries' behalf.

Does SSA send regular reminders to beneficiaries on their earnings reporting responsibilities? How are those reminders sent, and at what frequency?

Answer. Yes. SSA sends regular reminders to beneficiaries to inform them of their reporting responsibilities, such as:

- Award letter (mailed at award).
- Annual cost of living adjustment (COLA) letter (mailed yearly).
- A pamphlet, "What You Need to Know When You Get Social Security Disability Benefits" (mailed with award notice and available online).
- A pamphlet, "Working While Disabled" (mailed upon inquiry about work and when work activity reports are sent and available online).

- *The Red Book*, a publication which provides information about work incentives and employment supports available to disability beneficiaries (available online).
- The Ticket to Work website and blog (frequent content).

Question. Has SSA considered partnering with ENs and/or SVRAs on assisting beneficiaries submit earnings reports?

Answer. ENs and SVRAs have different reporting responsibilities from beneficiaries. They must report earnings for payment purposes, whereas beneficiaries are only required to report changes in income, such as wages when they start work, stop work, or (for SSDI only) change employers.

In 2019 we conducted a Wage Reporting Pilot, allowing the Ticket Program Manager to enter earnings received from ENs directly into our systems. We compared the timeliness of decisions made on cases entered through this process to those made on cases not entered to determine whether there was an effect on overpayments, and found the difference between the two not statistically significant.

We encourage beneficiaries to use available self-reporting methods, such as *mySSA,* which automates wage reporting and help to quickly process time-sensitive wage information. We also ask ENs to encourage ticket holders to use these methods.

We also strongly encourage WIPA staff to assist beneficiaries with understanding and reporting earnings when it is not possible for beneficiaries to do so themselves.

Question. ENs and SVRAs that receive milestone or outcome-based payments from SSA are required to submit earnings information to SSA in order to receive payment. Has SSA considered modifying EN and SVRA reporting requirements so that their reports satisfy beneficiaries' reporting requirements?

Answer. As mentioned above, ENs, SVRAs, and beneficiaries have separate reporting responsibilities. For example, ENs report wages for months when they are due a payment under the Ticket to Work program; therefore, there may be ticket holder earnings that an EN does not report because those earnings would not generate an EN payment. Moreover, the wage data ENs report do not always include the entire period of work or other information (*e.g.,* vacation pay) we take into consideration when making a benefit determination. In addition, there is a delay in EN-reported earnings because ENs typically wait for the earnings to reach the necessary threshold for requesting payments (*i.e.,* the month after the wages have been earned). Thus, changes to EN and SVRA reporting requirements could result in a lack of information required to pay ENs and SVRAs accurately and timely or impose burdens on them.

Individuals who receive SSI can report wages using the *mySocialSecurity* wage report, phone wage report, or mobile wage report. Individuals who receive SSDI can report wages using the *mySocialSecurity* wage report.

Question. As you know, section 301 of the Social Security Disability Amendments Act of 1980 provides continued SSI and SSDI benefits after an age-18 redetermination or continuing disability review disability denial if the individual is participating in an approved educational or vocational program. However, advocates have expressed concerns that beneficiaries, their families, SVRAs, school counselors, and other community partners are not aware of this provision. Additionally, SSA does not publish data on Section 301 usage, which inhibits Congress's ability to ensure proper oversight of the Social Security disability programs.

For each of the past 5 fiscal years and FY 2024 year to date, please provide the number of section 301 requests, including approval and denials. This should be broken about by benefit type (title II, XVI, and concurrent) and include basic demographic information (age, gender, race/ethnicity, and impairment category).

Answer. We are still gathering and reviewing the data. We will provide the data as soon as possible.

Question. How does SSA notify beneficiaries, their families, and other community partners about the section 301 provision, and when does SSA first notify them? Please provide examples of such notices and communications for the record.

Answer. We employ several methods to spread awareness about our section 301 payment continuation policies, including:

- Advertising section 301 in our publications and on our website. Annually, around the start of each school year, SSA mails an SSI Youth Transition No-

tice which contains links to our Youth Resource website and the publication, "What You Need To Know About Your Supplemental Security Income (SSI) When You Turn 18," *https://www.ssa.gov/pubs/EN-05-11005.pdf*.

- Sending a "Notice of Continuing Disability Review" to beneficiaries who are undergoing an age-18 medical review to inform them that if we find them no longer medically disabled, they may be eligible to continue receiving benefits while they attend school and have an individualized education plan or take part in a vocational rehabilitation (VR) or similar program. Please see the sample section 301 language of Attachment B.

ATTACHMENT B

Social Security Administration
Notice of Continuing Disability Review

SOCIAL SECURITY
807 CROSBY STREET
CHESTER, PA 19013

DATE: JUNE 26, 2023
BNC#: ##############

Ana H. Doe for
Thea Doe
1500 Woodlawn Drive
Woodlawn, MD 21235

Dear Ana H. Doe:

We must review the cases of people reaching age 18 to make sure they are disabled under the disability rules for adults. We may also review cases at other times. We are writing to let you know that we are starting to review Thea Doe's disability case. We have enclosed a pamphlet that will tell you more about the review.

How We Start The Review

We need current medical information to complete the disability review that we are required to conduct. Please fill out the enclosed forms following the instructions that are provided. The information on these forms is needed to complete the disability review. Please sign and date the enclosed forms and return them in the enclosed envelope as soon as possible. Please contact us at the telephone number shown below if you have any questions or need assistance completing these forms.

We're writing to ask you to send us the following information:

- Authorization To Disclose Information To The Social Security Administration (SSA–827).
- Disability Report—Adult (SSA–3368–BK).

How We Decide If *Thea Doe* Is Still Disabled

Doctors and other trained staff will decide for us if *Thea Doe* is still disabled under our rules. They work for your State but use our rules to make their decisions.

We Will Let You Know What We Decide

When we finish the review, we will write you and let you know what we have decided. Our letter will tell you whether *Thea Doe* is still disabled under our rules.

We may find that *Thea Doe* is no longer disabled under our rules and *Thea Doe's* payments will stop. If this happens, you can appeal our decision. You can also ask us to continue to pay benefits while you appeal.

How Her Benefits May Continue If We Find *Thea Doe* Is Not Disabled

If we find that *Thea Doe* does not have a disability under our rules for adults, her SSI benefits will usually stop. However, her benefits may continue while she is:

- Attending school under an individualized education program (IEP), or
- Taking part in certain vocational rehabilitation or similar programs.

To qualify, *Thea Doe* must be participating in the program before the month her disability ends under our rules. Her SSI benefits could continue until she finishes school or completes the program. Be sure to tell us about any program she takes part in when she contacts us to give us the information we need. We may ask her for more information later. She must tell us when she finishes school or completes the program. If she gets too much SSI money because *Thea Doe* does not tell us right away, she must pay back the money.

If We Do Not Hear From You

We may stop *Thea Doe's* benefits if you don't respond to this request or contact us by July 26, 2023 to tell us why. If we stop her benefits, she could also lose any Medicare and/or Medicaid she has now.

Before we stop *Thea Doe's* benefits, we will send you another letter to explain our decision. The letter will also explain your right to appeal the decision and how to continue getting benefits during the appeal.

Suspect Social Security Fraud?

Please visit *https://oig.ssa.gov/* or call the Inspector General's Fraud Hotline at 1–800–269–0271 (TTY 1–866–501–2101).

If You Have Questions

For general information about Social Security we invite you to visit our website at *https://www.ssa.gov* on the Internet. For general questions and specific questions about *Thea Doe's* case, you may call us toll-free at 1–800–772–1213, or call your local Social Security office at 866–398–1456 and ask for any representative. We can answer most questions over the phone. If you are deaf or hard of hearing, you may call our TTY/TDD number 800–325–0778. If you do call or visit an office, please have this letter with you. It will help us answer your questions.

If You Want an Interpreter To Help You

If you need an interpreter to conduct Social Security business, we will supply one on request, free of charge. If you want us to supply the interpreter, please call before you come to the office and tell us what language you prefer to speak.

Social Security Administration

Unit: WACCDR

- Asking, during the Continuing Disability Review process, whether the beneficiary is participating in a VR or similar program. If the beneficiary says they are, we check for section 301 eligibility.

Additionally, we publicize Section 301 benefits in our "Qualifying for Benefit Continuation After You Turn 18" *(https://www.ssa.gov/pubs/EN-64-118.pdf)* publication located on our Youth Resource website *(https://www.ssa.gov/youth/)* and in *The Red Book (https://www.ssa.gov/pubs/EN-64-030.pdf)* which is a guide to work incentives and employment supports for people who have a disability.

QUESTIONS SUBMITTED BY HON. DEBBIE STABENOW

Question. I think it's essential for us to recognize that SSDI is not a benefits program—instead, it's a funded insurance program supported by workers' paycheck deductions. SSDI is also only available to those who have contributed enough to the Fund through work and is limited based on how long one has worked. In return, SSDI ensures that if eligible workers ever become disabled, they will be able to access the insurance they need to survive.

Further, it deeply troubles me that hundreds of thousands of disabled and terminally ill American workers who have paid into SSDI face obstacles each year as they try to access the benefits they need. Many call this exclusion period fundamentally unfair, and their view seems to be buttressed by the GAO's finding that more than 100,000 American workers died while awaiting a decision on their SSDI eligibility.

Based on these facts, can you explain why anyone who has paid into this insurance program should be forced to wait 5 months rather than receive the benefits they have paid for when they need those benefits most?

Answer. The 5-month waiting period is a statutory requirement. Specifically, section 223 of the Social Security Act requires individuals who have been found to be disabled to complete a 5-month waiting period before they are entitled to their first payment. This waiting period does not apply to individuals with Amyotrophic Lateral Sclerosis (ALS).

Question. I am concerned about the financial hardships faced by claimants during the waiting period, including loss of housing, reduced access to medical care, and

poverty. For example, I understand an estimated 50,000 workers were forced to file for bankruptcy while they waited for SSDI coverage.

Can you provide detailed data on the average financial impact of the SSDI 5-month waiting period on disabled and terminally ill claimants and their families?

Answer. The Office of the Chief Actuary (OCACT) developed a number of estimates related to proposals to eliminate the 5-month waiting period for newly entitled disability beneficiaries under the Social Security program. SSA would be willing to provide technical assistance as requested although will need greater details on a potential proposal's specifications.

Question. I think it's very important for us to understand the historical context and intended purpose of the 5-month waiting period so we can evaluate whether it continues to be needed today or should be changed.

Can you explain the original rationale for establishing the waiting period for SSDI benefits? Do you believe this rationale warrants retention, and if so, why?

Answer. Congress established a 6-month waiting period for SSDI in 1956. Pub. L. 84–880. The congressional intent of the waiting period was to set a time frame that would be long enough for a short-term injury or illness to resolve or improve and that was also long enough to deter individuals who can work from applying for benefits. See Congressional Research Service: *Social Security Disability Insurance (SSDI): The Five-Month Waiting Period for Benefits,* 2014 (citing U.S. Congress, House Committee on Ways and Means, *The Social Security Amendments of 1955,* report to accompany H.R. 7225, 84th Cong., 1st sess., H. Rept. 1189).

Congress reduced the period to 5 months in 1972 (Pub. L. 92–603). The congressional intent of this change was to lessen the financial hardship of the waiting period. *Id.* (citing U.S. Congress, House Committee on Ways and Means, *The Social Security Amendments of 1971*, report to accompany H.R. 1, 92nd Cong., 1st sess., H. Rept. 92–231).

In 2020, Congress removed the waiting period for one disease, ALS (Pub. L. 116–250). The reasoning behind removing the waiting period for ALS was the disease is progressive and always fatal. See 166 Cong. Rec. H6988–01, H6989.

Thus, the waiting period is a statutory requirement that must be changed by Congress. If Congress decides to pursue this change, SSA stands ready to offer technical assistance.

Question. As we assess the 5-month waiting period, we are considering the potential benefit of benchmarking U.S. policy on other nations' best practices.

How does our SSDI waiting period compare to disability insurance programs in other developed countries? Are there examples where no waiting period exists, and if so, what benefits have been realized from such policies?

Answer. When looking at the waiting periods for long-term disability pensions in other affluent countries, it is important to note that nearly all of these countries have national sickness benefit programs that provide most workers or residents with income during periods of short-term illness or disability. Therefore, workers who have become disabled typically receive sickness benefits in these countries while they apply and wait for long-term disability pensions. As a result, the share of people waiting for long-term disability pensions who have little to no income is generally much lower in these countries compared to the U.S.

QUESTIONS SUBMITTED BY HON. ROBERT P. CASEY, JR.

Question. In your testimony you mentioned that SSA reimburses State VR programs for providing the services akin to Employment Networks (ENs) when a beneficiary is participating in the Ticket to Work program. You stated that in FY 2023 SSA reimbursed State VRs $243 million for those services.

Please provide us with a breakdown of how much was reimbursed to each of the 78 State VR programs in Fiscal Years 2019 through 2023.

Answer. Please see Attachment C.

Attachment C

State VR Agency	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
AK	$450,769.41	$537,912.51	$681,032.21	$762,334.26	$727,345.51
AL	$566,301.94	$362,404.97	$4,597,685.82	$5,931,306.38	$5,446,225.03
AR	$550,509.42	$685,725.75	$862,138.82	$1,055,373.38	$1,088,137.73
ARBL	$19,222.99	$64,280.82			$95,772.50
AZ	$1,330,740.89	$2,377,794.25	$1,149,080.70	$3,023,980.04	$4,085,038.45
CA	$36,244,224.44	$37,239,512.62	$22,173,291.79	$31,073,785.00	$23,210,819.71
CO	$424,514.08	$6,067,131.54	$2,366,525.10	$3,614,603.49	$2,974,547.92
CT	$2,460,019.75	$2,242,216.92	$2,385,766.22	$3,312,880.99	$2,034,752.72
CTBL	$154,884.33	$93,271.61	$68,958.19	$259,559.16	$237,037.25
DC	$41,713.11	$99,911.93	$99,000.78	$134,914.53	$79,266.73
DE	$278,781.96	$545,418.33	$520,836.15	$610,556.47	$468,537.59
DEBL*					
FL	$11,234,576.03	$15,080,610.42	$11,976,761.14	$17,165,473.00	$14,848,924.98
FLBL	$992,778.04	$2,517,750.50	$1,413,900.26	$1,329,070.02	$2,959,443.74
GA	$2,030,399.52	$3,525,294.18	$2,382,205.80	$5,592,008.62	$4,358,972.86
HI	$656,142.22	$702,203.54	$509,456.98	$822,098.18	$587,895.50
IA	$1,154,761.74	$1,861,725.25	$1,505,684.49	$1,696,319.11	$1,652,531.80
IABL	$76,070.62		$79,441.27	$882,936.84	$114,530.28

Attachment C—Continued

State VR Agency	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
ID	$971,674.27	$984,327.53	$1,428,366.66	$1,477,329.24	$983,627.52
IDBL*			$24,462.73		
IL	$4,339,762.02	$3,131,721.88	$4,163,355.50	$4,895,148.86	$3,080,347.95
IN	$1,705,458.56	$970,980.94	$1,305,503.78	$561,487.27	$4,414,859.96
KS	$973,751.90	$623,844.94	$686,443.26	$1,527,860.35	$1,152,282.27
KY	$1,751,501.46	$2,570,714.31	$2,786,871.46	$3,311,905.83	$4,231,233.93
KYBL	$118,897.71				
LA	$631,411.68	$1,130,542.09	$2,313,241.57	$3,233,603.08	$2,386,774.27
MA	$4,797,556.54	$1,951,347.18	$2,917,509.09	$2,402,947.76	$5,986,475.20
MABL	$600,581.28	$117,383.74		$237,488.45	$113,500.76
MD	$4,539,390.73	$5,640,846.68	$6,524,853.90	$7,099,571.92	$6,132,283.77
ME	$940,524.25	$1,130,140.39	$724,136.50	$610,432.00	$782,652.44
MEBL	$226,045.42	$62,878.26	$8,874.59	$9,338.20	$98,313.47
MI	$5,641,580.30	$9,361,733.94	$5,886,852.96	$9,070,011.12	$6,542,886.21
MIBL	$306,843.82	$554,897.42	$454,322.49	$522,285.75	$230,611.20
MN	$4,860,285.08	$5,049,791.01	$4,608,945.29	$6,408,088.50	$5,011,326.82
MNBL	$1,883,851.83	$847,197.17	$1,187,786.42	$1,602,449.31	$1,564,697.66
MO	$1,707,255.15	$5,855,199.32	$3,914,977.06	$4,290,256.13	$5,004,807.31

MOBL	$320,665.46	$112,177.53	$268,024.27	$662,861.13	$600,573.56
MS	$1,917,795.01	$1,645,442.20	$1,992,721.97	$1,242,039.67	$2,598,934.67
MT	$305,400.26	$1,366,977.69	$996,098.03	$979,213.66	$1,860,245.10
NC	$6,742,221.40	$5,749,112.12	$4,613,248.94	$4,591,268.47	$8,050,711.19
NCBL	$724,799.37	$271,744.83	$609,508.86	$271,261.33	$972,123.09
ND	$88,874.71	$224,364.46	$191,548.34	$108,944.74	$104,903.38
NE	$735,232.48	$709,810.37	$941,272.99	$1,483,894.28	$1,011,198.30
NEBL	$319,476.52	$109,392.81	$368,814.54	$627,124.31	$161,561.71
NH	$411,931.49	$321,557.16	$407,058.68	$844,486.26	$648,555.74
NJ	$1,975,774.42	$2,877,463.94	$2,558,923.05	$1,616,360.35	$3,568,662.64
NJBL	$647,109.54	$1,282,931.98	$810,306.09	$1,594,361.07	$1,880,740.91
NM	$607,833.82	$1,310,936.67	$1,335,549.40	$1,548,435.93	$1,086,746.49
NMBL	$73,189.99	$206,377.42	$22,520.82	$249,356.24	$275,191.30
NV	$975,542.24	$633,132.95	$748,647.13	$573,818.05	$1,462,197.41
NY	$3,494,140.57	$4,214,434.13	$6,060,128.23	$5,868,638.68	$3,772,818.00
NYBL	$2,349,196.88	$1,712,272.27	$1,527,284.26	$582,628.38	$2,362,924.26
OH	$11,576,755.52	$11,381,402.38	$11,167,024.46	$16,461,901.49	$15,387,439.03
OK	$1,631,927.67	$1,716,225.30	$3,024,755.06	$3,010,330.83	$3,085,912.09
OR	$4,489,044.39	$6,177,528.75	$5,316,206.40	$5,885,745.54	$7,698,923.67
ORBL	$330,213.81	$358,469.97		$1,814,780.00	$179,529.42

Attachment C—Continued

State VR Agency	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
PA	$7,567,768.14	$16,819,941.06	$10,964,993.62	$9,245,502.82	$16,454,257.99
PR*					
RI	$65,603.21	$270,647.27	$343,826.36	$187,416.75	$119,133.77
SC	$292,291.01	$345,280.74	$195,337.31	$225,374.79	$3,012.55
SCBL*			$222,394.93	$110,050.07	
SD*					
SDBL*					
TN	$1,602,002.50	$1,718,112.84	$1,858,326.92	$2,401,429.37	$1,206,020.07
TX	$15,389,612.86	$17,462,096.84	$17,988,431.57	$20,036,321.37	$20,282,107.25
TXBL	$2,862,821.50	$3,664,479.47	$4,478,125.70	$3,708,003.79	$1,927,928.06
UT	$2,356,976.24	$2,688,131.73	$1,958,465.78	$2,780,560.85	$2,213,264.61
VA	$6,639,912.66	$9,080,673.54	$7,460,658.49	$9,671,903.59	$11,685,173.00
VABL	$742,559.66	$387,468.67	$1,359,407.48	$753,497.30	$1,779,986.58
VI*					
VT	$92,607.33	$28,110.52	$114,951.50	$67,857.32	$6,050.62
WA	$8,589,228.24	$7,871,542.02	$7,033,851.07	$7,314,595.72	$7,876,871.39
WABL	$112,560.49	$215,532.76	$145,581.75	$204,196.47	$378,856.87
WI	$4,475,179.23	$5,305,702.70	$4,879,305.15	$5,160,960.92	$7,497,403.12

WV	$7,318.90	$834,851.70	$637,245.65	$653,519.63	$405,052.13
WY	$84,430.68	$33,693.35	$39,684.93	$36,629.77	$7,016.48
TOTAL**	**$185,260,780.69**	**$223,094,732.08**	**$194,348,498.71**	**$237,102,674.18**	**$241,298,487.49**

* Some VR State agencies do not request cost reimbursement payments often, or at all, but still provide services to beneficiaries.

** We track individual State agency reimbursements based on the date the reimbursement was paid, but the Beneficiary Services budget is based on the date the reimbursement was obligated. The totals above are based on payment date, which does not match the official figure.

Question. SSA has been working to update the dictionary of occupational titles (DOT) that it uses for eligibility determination for SSDI applicants. Some of the new data has already been incorporated into SSA's procedures. However, as Commissioner O'Malley said in a hearing earlier this year, there seems to be "no end" to the collection of occupational data and the skills needed to work in a specific occupation. The Bureau of Labor Statistics has recently completed the Occupational Requirements Survey (ORS), that includes the physical demands, cognitive requirements, and mental requirements for occupations.

Will SSA use the ORS as a more accurate, updated version of the DOT, and if so, what is the timeline for adoption? If not, why not?

Answer. The ORS provides more accurate and current job-related information regarding physical demands; environmental conditions; education, training, and experience; as well as cognitive and mental requirements for jobs in the U.S. economy. Using this data requires a regulatory change and time for full implementation. Our unified regulatory agenda includes a related proposed rule.

Question. With over 12 million SSI and SSDI beneficiaries, the Ticket to Work program has a large universe of potential applicants. However, fewer than 3 percent of potential applicants apply for the Ticket program.

How can participation in the Ticket to Work program be increased, and will SSA consider using a pilot demonstration to develop new strategies to grow the program?

Answer. Due to the stringent criteria in SSA's definition of disability, which requires an individual to have a severe impairment for a period of at least 12 months or will result in death, many Ticket-eligible beneficiaries are unlikely to ever return to work because of the severity of their impairment(s). However, we maximize our limited funding by seeking to engage as many eligible beneficiaries through multiple outreach approaches such as text messaging, notices, social media, and webinars. Our Ticket Program Manager contractor conducts outreach to a variety of disability and nondisability-related organizations, and we regularly communicate with national and local organizations that come into contact with eligible beneficiaries. We maintain relationships with four types of organizations:

- Ticket program service providers such as Employment Networks (ENs), State vocational rehabilitation agencies, work incentives planning and assistance projects and protection and advocacy for beneficiaries of Social Security.
- Other Federal agencies, including but not limited to the Department of Veterans Affairs and the Department of Labor.
- National, State, and local disability organizations.
- Organizations whose stakeholders include people likely to interact with beneficiaries, such as teachers, medical professionals, financial independence agencies, and others.

We communicate on a monthly basis with the majority of these organizations and send them information about our upcoming webinars, new success stories, and other content of interest. Each message, usually sent via email, includes information on how and why that particular content should be shared. We identify new organizations frequently, often depending on our monthly outreach theme.

Additionally, we conduct a variety of activities to recruit organizations to become ENs, which expands service options and increases program participation. Increased Ticket program funding would allow us to increase outreach and recruitment activities.

Currently, we do not have demonstration authority that would allow us to test changes to the Ticket program. We are interested in working with Congress to renew SSA's section 234 demonstration authority.

QUESTIONS SUBMITTED BY HON. MIKE CRAPO

Question. Since 2012, the Social Security Administration (SSA) has been working with the Bureau of Labor Statistics to update the occupational information SSA uses for steps 4 and 5 of its disability determination process.

What specific steps is SSA taking, and what steps will the agency need to take, to transition from using Dictionary of Occupational Titles (DOT) data as the primary source of occupational information for disability determinations to using Occupational Requirement Survey (ORS) data?

Answer. We continue to evaluate options for updating vocational policy that would incorporate the ORS data. Using these data requires a regulatory change, and our unified regulatory agenda includes a related proposed rule.

Question. What is the timeline for completing the transition from using DOT data to using ORS data?

Answer. As previously noted, our unified regulatory agenda includes a related proposed rule. We cannot provide a timeline for full implementation, but we will update you on our progress.

Question. In testimony before the Senate Finance Committee on March 20, 2024, Commissioner O'Malley stated that he hoped to have the Payroll Information Exchange (PIE) implemented in July. During the hearing on June 18th, you indicated you did not have a timeline for implementation of the PIE.

What has changed since the Commissioner stated that he hoped for a July implementation of this information exchange?

Answer. The Administrative Procedure Act requires the agency to publish a final rule before implementation. Though we had prepared operationally to be ready for a possible July 2024 implementation date, we continue to review the public comments we received in response to the notice of proposed rulemaking. To allow for full analysis and consideration of those comments, we have moved the PIE implementation date from July 2024. We expect to roll out PIE in phases following publication of the final rule. Our timing will incorporate a legally required 60-day delay from publication to implementation as well.

Question. The Social Security Administration allows Social Security Disability Insurance (SSDI) beneficiaries and Supplemental Security Income (SSI) recipients to report wages in a few different ways, including online, by calling SSA's national 800 number or a local field office, by mail or fax, or in-person at a field office. SSI recipients can also use a toll-free automated system and an application on their phone.

Does the SSA evaluate customer satisfaction with these reporting options?

Answer. The SSA Mobile Wage Reporting (SSAMWR) application is the only option for which we can evaluate customer satisfaction specifically for wage reporting. We ask users to complete a survey at the end of every SSAMWR submission and in Apple and Google Play stores.

Question. If so, when was the last evaluation and what did you find?

Answer. The last evaluation was in March 2024. The evaluation found a negative impact of customer satisfaction and use after adding multifactor authentication to SSAMWR in September 2023. We monitor the customer satisfaction results monthly for potential issues with the SSAMWR app and are constantly looking for ways to improve customer service and experience.

PREPARED STATEMENT OF HON. RON WYDEN,
A U.S. SENATOR FROM OREGON

This morning the Finance Committee gathers to discuss how to update and strengthen Social Security disability programs to make it easier to work for Americans who have a severe disability and want to attempt to work again. When I talk to Americans with disabilities, they want to contribute to their communities, including work in the private economy. But the laws on the books today, when it comes to work and Social Security, are a bureaucratic straitjacket that make it next to impossible to work while maintaining eligibility for these benefits.

This is a bipartisan effort here on the Finance Committee. In particular, I'd like to recognize Senators Brown, Casey, and Cassidy for their efforts to cut through the byzantine red tape and help Americans who count on these benefits.

The bedrock principle behind Social Security is to provide Americans with financial security and dignity as an earned benefit—something they contribute to out of every paycheck. But for too many, especially those with a disability, dignity has fallen by the wayside because of these barriers to attempting work.

The vast majority of those who receive disability benefits have worked at least 10 years, paying into Social Security with each paycheck. Becoming severely disabled due to illness or accident is a devastating blow, but Social Security is there to help these Americans get back on their feet. It often takes months or even years

to demonstrate to SSA that their disability prevents them from performing a regular job. In spite of that, many of these Americans want a chance to attempt to work—even in a limited capacity—to get out of their home and be a part of their community.

Unfortunately, the current rules at Social Security make working with a disability the bureaucratic equivalent of running a marathon. Many of those who try to work get an overpayment from Social Security due to the outdated rules. An overpayment isn't like winning the lottery—these benefits are going to essentials like groceries, gas, and rent. Until recent action by Commissioner O'Malley, once Social Security realized it made an overpayment, it demanded all of the money back at once. These overpayment fines can run into the tens of thousands of dollars, which these Americans simply cannot afford to pay.

Something has to change to make it easier to work for those who want to. I'm going to outline several ideas about how Social Security and Congress can help Americans with disabilities try to work without risking their eligibility for benefits, and remove the red tape that's currently holding them back. Later this year, the committee will consider a series of bills to update these woefully out-of-date rules and simplify administration of the Social Security's disability programs.

First is modernizing the Supplemental Security Income program, or SSI. Senators Brown, Cassidy, Casey, and Lankford are leading the way here. Americans who receive SSI are living on shoestring budgets with the average benefit only amounting to roughly $700 a month. This program hasn't received a meaningful update in 40 years.

As a result, it's become harder and harder to keep benefits, or engage in meaningful work, due to artificially low income limits that haven't kept up with inflation. The most an American with SI can have in their bank account is $2,000, and it's been frozen there since 1989. Today, that would be about $10,000.

For SSI beneficiaries who attempt to work, benefits are reduced by $1 for every $2 dollars they earn above $85 per month. That amounts to a 50-percent income tax rate—higher than the highest rate in the tax code.

It's time to bring these rules into the 21st century, and I'm proud to have joined Senators Brown, Cassidy, Casey, and Lankford and several of our other colleagues in taking the first step towards bringing SSI into the 21st century with the SSI Savings Penalty Elimination Act.

Next is my bipartisan Work Without Worry Act, which I introduced with Senator Cassidy earlier this Congress. The idea is simple: for Americans with life-long disabilities like Down syndrome, cerebral palsy, or an intellectual disability, there ought to be additional protections allowing them to work without risking their Social Security benefits.

So, our bill removes the risk of past earnings disqualifying an individual in this situation from receiving disability benefits based on their parent's work history. It's a no-brainer that will be life-changing for thousands of Americans who want to participate in the workforce but don't, out of fear that Federal rules could hurt their ability to be financially secure in the future.

Last is overpayments. Over the past year, this committee has heard horror stories about everyday Americans getting huge overpayment bills from Social Security, often because of the programs' inherent complexity or a mistake made by the agency. When Commissioner Martin O'Malley came before the Finance Committee seeking confirmation, he pledged to take action to address the severity of these overpayment clawbacks.

This Spring Commissioner O'Malley took an important first step by giving Americans more time and flexibility to correct these payment errors, and put into motion a critical update to how payroll data is processed by the agency that the Finance Committee championed to help reduce overpayments going forward. I'm pursuing additional steps that will reduce the frequency of these overpayments happening in the first place—and I'll have more to say about that in the weeks to come.

These are just some of the steps the Finance Committee will be exploring in the coming months to improve Social Security.

Every single member of this committee knows the importance of work, as well as Social Security's lifeline benefits. I look forward to hearing from our witnesses and members of this committee about fresh approaches to knock down barriers to work and modernizing Social Security for every American.

PREPARED STATEMENT OF KATHERINE ZULEGER, MANAGER, WAUSAU, WI SOCIAL SECURITY ADMINISTRATION FIELD OFFICE; PRESIDENT, CHICAGO SOCIAL SECURITY MANAGEMENT ASSOCIATION; AND EXECUTIVE COMMITTEE MEMBER, NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS

Chairman Wyden, Ranking Member Crapo, and members of the committee, my name is Katherine Zuleger. I am the Manager of the Wausau, WI Social Security Administration (SSA) field office and the president of the Chicago Social Security Management Association (CSSMA). I have worked for SSA for nearly 30 years. I am here representing the National Council of Social Security Management Associations (NCSSMA). Thank you for inviting me to speak with you today.

NCSSMA is a professional association comprised of the ten regional management associations with over 2,400 members from field offices and teleservice centers throughout the Social Security Administration. Each day, NCSSMA members directly serve the American public in over 1,230 of SSA's public-facing offices. For many, the SSA field office is their only face-to-face point of contact with the Federal Government.

For over 52 years, NCSSMA's mission has been to provide a clear, credible, and valuable perspective on public service from the front lines. NCSSMA's efforts and initiatives are directed toward providing the best service to the American people, through the effective and efficient administration of SSA's programs. We advocate for an agency that remains customer-focused and provides excellent public service while embracing technological advances and innovation.

We take our responsibilities as stewards of the public's monies very seriously. NCSSMA actively recommends improved and more cost-efficient ways to manage SSA's programs. We appreciate the committee's attention to the challenges currently facing SSA and we look forward to working with committee members and others to not only address those challenges, but to strengthen our agency and the programs we administer.

DISABILITY BENEFIT OVERVIEW

Social Security Disability Eligibility

To qualify for Social Security Disability Insurance (SSDI) benefits, an applicant must have a disability that affects their ability to work for a year or more, or that will result in death. In addition, they generally must have worked and paid Social Security taxes for 5 out of the 10 years prior to the start of the disability. Those under the age of 24 generally do not have to have worked as long to be eligible. At the time of filing, through the disability decision, the applicant cannot work and earn over the substantial gainful activity (SGA) limit, which is currently $1,550 a month for a nonblind individual and $2,590 for a blind individual. If the applicant returns to work earning over SGA during the decision process, the application is denied for demonstrating the ability to work despite the impairments. Depending on which State the person lives in, the entire disability determination process can take 3–12 months.

Supplemental Security Income Eligibility

Supplemental Security Income (SSI) benefits are paid to disabled children and adults as well as to those 65 and over. To qualify for SSI benefits, individuals must have income and resources below established limits and must be 65 or older or disabled using the same criteria as SSDI. The program allows individuals who have not worked, or who have worked but not paid enough into the SSDI program, to receive a monthly benefit due to their disability. As with SSDI, applications for SSI are denied if the individual returns to work and earns over SGA during the application process. Unless an individual has income or assets over the established limits, most individuals apply for both SSDI and SSI.

THE APPLICATION PROCESS

All adults may file an application for SSDI online or with a claims specialist at a field office either over the telephone or in person. The SSI application is not available for most individuals online. SSI applications are taken by field office claims specialists. Once the initial claim is filed, the application is routed to the Disability Determination Services (DDS) where medical records are gathered, and the condition(s) are evaluated to determine if the person meets Social Security's definition of disability.

During what can be a lengthy application process for both SSI and SSDI, if the applicant returns to work, SSA employees must develop that work to determine if the work meets the SGA level. This involves contacting the applicant to gather information about the work and earnings and then developing for any work incentives that may exist. At times, employees must also gather written documentation from the applicant or employer to support potential work incentives and then use this information to make a determination. If it is determined that the applicant is earning over SGA, then the employee must recall the application from the DDS and the application is denied. If the determination is the work does not constitute SGA, then the recommendation is made to DDS to continue the decision-making process. Developing return to work during the processing of an application often adds 30–60 days to the processing time for a claim.

After being medically approved for SSDI or SSI disability benefits, a person cannot return to work and earn over SGA within a year of their established disability onset date or SSA will reopen the claim to a denial, as the definition of disability requires that someone is unable to perform SGA for a year or more or they have a condition that will result in their death. If the person does return to work, this would result in the beneficiary being overpaid all the disability benefits paid by SSA.

HOW WORK IMPACTS BENEFITS AFTER ENTITLEMENT

Social Security Disability Insurance

Once a person has been approved for SSDI, the rules on how work impacts entitlement change. Once entitled, a person can test their ability to work without benefits immediately stopping. Beneficiaries are notified upon receiving disability benefits that they are required to report to SSA if they attempt to work. For SSDI, gross earnings are counted when earned, not when paid. Individuals have a trial work period (TWP) of 9 months where they can work and earn as much as possible without impacting receipt of benefits. Once the individual completes the 9-month TWP, SSA evaluates the work to determine if the work will impact benefits. SSA will consider any impairment-related work expenses (IRWE), blind work expenses (BWE), subsidies, and unsuccessful work attempts (UWA) to determine if the work is over the SGA limit. The SGA monthly limit is currently $1,550 for nonblind individuals and $2,590 for blind individuals. After the TWP, individuals are entitled to a 36-month period called the extended period of eligibility (EPE). During the EPE, the individual's benefits will be withheld for any month where they earn over SGA, and they will be paid for any month under SGA. The EPE can continue indefinitely if after 36 months the earnings never again exceed SGA. However, once SGA is exceeded after the 36-month EPE is over, the benefits are terminated and cannot be restarted without a new application for benefits or an expedited reinstatement (EXR).

An SSDI beneficiary who has had benefits ceased due to work is eligible to continue Medicare benefits for 93 months if they continue to pay Medicare premiums.

Supplemental Security Income

Earnings impact SSI differently than SSDI because it is a needs-based program. SSI recipients are notified when benefits begin that they are required to report any earnings they receive. For SSI, gross earnings are counted when paid, not when earned, which is different than SSDI. There is not a 9-month TWP as with the SSDI program.

Generally, earnings will impact the payment 2 months after the earnings are received. If a person receiving SSI is working, SSA applies a $65 disregard to the earnings and will then reduce the amount of SSI by $1 for every $2 earned over the $65 disregard. For those who have no unearned income, there is an additional $20 disregard that is applied to the earnings. If an individual has unearned income (such as SSDI benefits), the $20 disregard is first applied to the unearned income. For instance, if a person earned $500.00 in 1 month and received no unearned income, the payment would be reduced by $207.50 2 months later ($500 − $85 divided by 2 = $207.50).

However, significant earnings can make an individual ineligible for SSI payment for that month. When the earnings are high enough to make the recipient ineligible, it further complicates the process and interrupts the SSI computation cycle. This interruption results in non-payment for the current month and modifies future months' payments. Retrospective monthly accounting does not apply in this situation. This often causes overpayments.

As with SSDI, the earnings for SSI beneficiaries are reduced based on IRWE and BWE. Individuals receiving SSI also have some additional work incentives. If someone is under age 22 and attending school or a training program, there is a Student Earned Income Exclusion available. SSA will not count up to $2,290 per month (maximum of $9,230 for calendar year 2024) when the SSI payment is calculated.

Those receiving SSI also have the option to use the Plan to Achieve Self Support (PASS) program. The purpose of the PASS program is to help the SSI recipient receive items, services, or skills to reduce their dependence on SSI in the future. Any money used to achieve the established goals will not be counted when evaluating if the person is over the income and resource limits. This can allow the individual to save money and set aside funds for education or starting a business. The plan must be developed and approved in conjunction with SSA.

Individuals who receive SSI are automatically entitled to Medicaid. If their earned income is significant enough to reduce their SSI check to $0, then they are protected under the 1619(b) provisions and are considered technically entitled to SSI which protects their Medicaid eligibility. SSA must conduct redeterminations for these individuals to ensure continued eligibility and use of Medicaid benefits.

EXPEDITED REINSTATEMENT

Individuals whose SSDI benefits are terminated due to work are eligible for an expedited reinstatement (EXR) if they subsequently become unable to work due to the same disability within 60 months of termination. Rather than filing a new application and going through the process of re-applying for benefits, if the termination is due to work, and the person cannot continue working due to the same disability, SSA can apply the principles of a medical Continuing Disability Review (CDR) rather than a new application. During this process SSA can pay provisional payments at the prior benefit rate for up to 6 months while determining if the disability is continuing. If the disability is determined to be continuing, the individual can receive benefits for any month they do not earn over SGA for 24 months, much like the EPE. Once 24 months have passed with no SGA, the individual is eligible for a new Trial Work Period and EPE and those provisions apply.

The full EXR process from when an individual contacts SSA to approval at DDS and processing the EXR award through a Program Service Center (PSC) can take multiple months. More than half the EXR cases currently pending have been pending for more than a year. Individuals are only able to receive 6 months of provisional payments during the EXR process. Once the disability is approved using CDR standards, the field office technician must complete a manual action through the EF–101 program which requires the PSC to post the information to the record and put the individual back into pay status. Field offices are not able to issue any other type of critical payment to an individual while the case is waiting for PSC processing. This often leaves individuals without payment due to agency processing times. Unfortunately, this is not an expedited process as the name implies.

IMPORTANCE OF REVIEWING/UPDATING WORK

Social Security Disability is a safety net for many Americans during a time of inability to work due to a medical impairment. Although SSA's definition of disability is very restrictive, requiring an individual to be unable to perform any work for at least 12 months, many beneficiaries want to return to work if possible. To protect the trust funds and the solvency of the programs, SSA must have guidelines to establish when work will terminate benefits for those who are able to work and provide for themselves. The obligation is not only to the individual beneficiary, but also to the taxpayers who pay into the programs to ensure the very same safety net is available should they need it. SSA must perform stewardship activities to verify that those who are receiving benefits continue to be eligible for those benefits.

As stated earlier in this testimony, the Supplemental Security Income program is a needs-based program, and it is imperative that the payments are available for those who are in need. Work incentives are established to help recipients reduce dependency on the programs while also ensuring access to a minimum standard of living is consistently available.

THE SSI WAGE REPORTING PROCESS

To correctly administer SSI payments, it is necessary for wages to be reported promptly to SSA and updated by an employee before benefits are issued. When actions are delayed it prevents SSA from being able to pay the right person at the right time, which may result in an underpayment or an overpayment.

There are several different ways an individual receiving benefits can report work to SSA. Proof of earnings such as pay stubs can be mailed, faxed or delivered in person to a field office for those who are unable to use electronic means of reporting. Not only is this sometimes difficult for the beneficiary, but it is also the most labor-intensive method of reporting and requires several SSA employees to take a number of steps before the wages are posted to the record. Pay stubs that are mailed or hand-delivered must be opened, manually organized, and then scanned into an electronic repository. Pay stubs that are submitted via fax go directly into the repository. Once loaded in the repository, an employee must review the document, determine the Social Security number, determine what the item is, categorize it and assign it to the next employee who will take action. The assigned employee is then required to review, determine what work incentives to apply, if any, and then update SSA payment records with the countable earnings. The input must be advanced through the payment system in time to properly calculate the payments received in the second month after the work occurred.

SSI recipients may also report earnings using the Telephone Wage Reporting process where they may call in their wages using information from their pay stubs. There is also an option to use the Mobile Wage Reporting application for smart phones. Both methods will update the records automatically, reducing the processing time and the labor needed to update the records. However, self-reported wages are often reported incorrectly since SSA counts gross earnings. Often claimants do not understand what gross earnings versus net earnings are.

THE SSDI WAGE REPORTING PROCESS

Reporting wages manually, as previously described for SSI beneficiaries, is an option for SSDI beneficiaries as well. However, SSDI beneficiaries cannot use the Telephone Wage Reporting or the Mobile Wage Reporting application. To report their wages electronically, they must create a *my Social Security* account and report their wages through their *my Social Security* account portal. Unfortunately, reporting wages online does not update payment records automatically for SSDI beneficiaries. An employee must perform a work Continuing Disability Review (CDR) to develop the TWP and EPE to determine the impact of wages on SSDI benefits. Work CDRs are a labor-intensive process and due to the time frame involved in developing the 9-month trial work period, often take more than a year to complete. SSDI wages are processed through a stand-alone system that requires manual action. With dwindling staffing levels and increases in workloads, Work CDRs are often delayed, even if a beneficiary is diligent in reporting.

TICKET TO WORK

Beneficiaries who want to return to work can use the Ticket to Work program. Enrolling in the Ticket to Work program can help individuals gain access to vocational rehabilitation, job training, job coach assistance, and other employment supports. The employer network is accountable for assisting the individual to reach certain work goals and is also responsible for reporting the beneficiary's wages to SSA. In addition, if a beneficiary is actively involved in the Ticket to Work program, SSA will defer any medical CDRs while the individual is participating in the program. From a field office perspective, the Ticket to Work program is underutilized. Individuals are required to be employed through an employer network or State vocational rehabilitation provider to participate in Ticket to Work. There are challenges with the Ticket to Work program as it is currently designed. NCSSMA recommends re-evaluating the program's effectiveness and perhaps modifying the program to allow individuals to obtain employment from an expanded pool of employers. NCSSMA believes expanding Ticket to Work eligibility and utilization would reduce the reporting burdens placed on beneficiaries and the administrative costs to the agency.

COMPLEXITIES IN THE PROGRAMS

Reporting wages or self-employment is a requirement for all disability beneficiaries. However, it is not unusual for individuals to be unaware of or misunderstand their reporting responsibilities. In addition, some disregard their responsibilities even after the requirements have been explained multiple times. If earnings are not reported, years may pass before SSA discovers undocumented wages. In these situations, once a work CDR is completed or wages are updated to the SSI record, significant overpayments can result.

As previously described, there are different rules for the SSDI and SSI programs. It is common for both beneficiaries and employees to be unsure about how work impacts each program, especially if a beneficiary receives both SSI and SSDI. One pro-

gram counts earnings when paid and this affects the amounts paid immediately. The other counts earnings when earned and may not impact payments for many months, if ever. Training new employees regarding the intricacies of these differences takes years and is often very difficult for some to apply consistently and correctly. Interpreting the information provided on a pay stub under SSA rules can be difficult and time-consuming. Given that it can be difficult for employees to understand the programs, it is not surprising that beneficiaries are often unsure about how work impacts ongoing benefits as well. Overpayments due to work are one of the most common types of overpayments.

Because SSI is a needs-based program, each month an SSI beneficiary works requires the beneficiary to report the wages to SSA timely and an SSA employee to complete actions to update the wages to the record. This is an ongoing, labor-intensive workload. Work reports for SSDI are required potentially every month, but are not as critical unless the person is working at SGA levels and has exhausted their TWP.

For SSI, SSA also receives electronic wage alerts known as diaries based on wage reports from employers and other agencies such as the Internal Revenue Service (IRS). These diaries are an electronic notification that an SSI beneficiary may be working or worked more or less than was previously reported on the SSI record. An SSA field office employee must investigate these alerts by verifying the reported wages. The employee must then manually post the correct wages to the record, and then take action in Consolidated Claims Experience (CCE) and Modernized SSI Claims System (MSSICS) to clear the diary from SSA systems. Diaries are not a priority workload and are often delayed due to staffing levels and workload demands.

For SSDI, SSA receives yearly earned income interface alerts from the IRS based on income tax return filings and employer W–2 reporting. This creates an earnings enforcement issue that requires a PSC employee to initiate a Work CDR. If the SSDI beneficiary also draws SSI, this can result in a Work CDR pending at the PSC while the wage diary is pending at the field office. Because what is basically the same issue is pending in two different components, the beneficiary receives letters from both components and may respond to only one thinking that responding to one component is sufficient. However, this is not the case because of how the system controls the two workloads. This bifurcation of a workload that should be joined, can often result in improper payments for one of the benefits, even if the beneficiary thinks they are properly cooperating. In addition, this type of situation can easily lead to public relations issues and reduce the public's trust in the agency.

SSA employees use a stand-alone program called eWork to complete SSDI work CDR determinations. This system is separate from the SSDI payment record, Master Beneficiary Record (MBR). The MBR displays a history of all entitlement and payment information but does not show work determination information. An employee must query the stand-alone eWork program to determine TWP months and EPE months. Depending on when the last work CDR was completed this information is often outdated and makes it challenging for SSA employees to provide SSDI beneficiaries with accurate information regarding how work impacts ongoing benefits.

Field office employees encounter challenges when completing work CDRs in eWork. The program often does not correctly process the updated payment information to the MBR. When this happens, the eWork program creates an exception in the system that needs to be manually updated by the PSC using another program called Manual Adjustment Credit and Award Data Entry (MACADE). This manual action can take months to complete, in the meantime, the beneficiary is often being paid incorrectly and improper payments continue until the PSC completes the action.

NUMEROUS SYSTEM PROGRAMS ARE INVOLVED

While the rules regarding work are complex, the number of system programs that employees and beneficiaries must access to simply report their work are numerous and often not intuitive to use or connected to each other. For concurrently entitled beneficiaries, SSA must update multiple system programs with the same wage information resulting in duplication of effort and inefficient work processes.

The following list is not exhaustive given that so many situations are individualized, but most wage inputs will require the access and/or use of more than one and often many of the following system programs:

SSDI:

- Disability Control File
- eWork
- *my* Social Security
- Manual Adjustment Credit and Award Data Entry (MACADE)
- WorkTrack
- The Work Number
- New Directory of New Hires Query

SSI:

- Consolidated Claims Experience (CCE)
- Monthly Wage Verification
- Telephone Wage Reporting
- Mobile Wage Reporting
- Modernized SSI Claims System (MSSICS)
- eComps
- 1719–b
- Stars and Stripes the Next Generation
- WorkTrack
- The Work Number
- New Directory of New Hires Query

NCSSMA will submit a subsequent document to the committee to provide a visual representation of the steps involved in processing a "simple" pay stub report.

ALIGNING SSDI AND SSI

One way to potentially ease the burden on beneficiaries and employees is to ensure work is treated the same for both programs. It is our understanding that this would require a change in policy to implement. There should be a consistent approach for calculating wages and improving the accuracy of wage reporting. NCSSMA believes consideration should be given to allowing the SSI program to use the same work rules currently being used by SSDI. This means benefits would be reduced for SSI if the recipient is earning over the substantial gainful activity limit. NCSSMA believes this would eliminate the need to understand two separate sets of rules and would also encourage more SSI recipients to return to work.

If implemented, SSI benefits would be impacted only if the recipient was working and earned over the monthly SGA limit. The SGA limit for 2024 is $1,550.00. If the recipient was working under SGA ($1,549 or less) they would receive their full benefit. If the recipient was working over SGA ($1,550 or more), they would be placed in suspense and would not be eligible for a monthly payment. A beneficiary receiving SSDI is ineligible once their trial work months are used up and they are earning over SGA. Like SSDI, SSI benefits would only be impacted if the recipient was working and earning over SGA.

For example, if the recipient was working under SGA ($1,549 or less), they would receive their full benefit. If the recipient was working over SGA, they would be placed in suspense.

- SSI recipients receiving full FBR (2024 = $943) and earning wages of $1,549.SSI recipients would be eligible for a full payment.
- Total household income would be $1,549 in wages + $943 SSI benefits = $2,492.
- SSI recipients receiving full FBR (2024 = $943) and earning wages of $1,550 would be placed in suspense.
- Total Household Income would be $1,550 in wages—like an SSDI beneficiary.

Another suggestion would be to consider raising the SGA levels to provide more incentive for individuals to return to the workforce and/or simplify disability work

incentives and pursue early intervention measures once a beneficiary is on the rolls. This would reduce the number of disability beneficiaries, minimize time developing complex issues, increase public understanding of work incentives, and return more beneficiaries to work. Early invention measures, such as supportive employment services and targeted incentives for employers to help disabled workers remain on the job, have the potential to achieve long-term gains in employment. Studies show that engagement in the workforce can lead to improved health outcomes, and there are specific benefits associated with part-time work as well. If additional individuals are encouraged to find employment and return to work this could result in significant savings to the program. Lastly, a decrease in overpayments could be achieved if work rules were consistent and/or simplified and more easily understood by the public. Inconsistent work rules between the programs are contrary to SSA's mission to reduce administrative costs, improve efficiency, and simplify its operations.

SYSTEMS ENHANCEMENTS

NCSSMA recommends that SSI wage reporting be simplified so that wage reports automatically update to the agency's system without requiring faxing or mailing pay stubs that require manual updates. Currently, beneficiaries encounter difficulties when reporting wages through electronic means. As a result, it is often easier to mail, fax, or drop off wages or pay stubs to the field office, which is more time-consuming for SSA employees and adds time and administrative burden to processing this workload. If wage reports were automatically updated to SSA systems, payments would be more accurate and it would require less administrative time to process. There would be fewer overpayment waivers and non-medical appeals resulting in additional savings.

NCSSMA hopes that implementation of the Payroll Information Exchange (PIE), will allow SSA to process work reports more accurately and efficiently. PIE will allow SSA to have access to payroll information directly from employers. With the beneficiary rolls at an all-time high, automated processes are needed to address the volume of work created by maintaining records of those who seek to return to work after entitlement to Social Security Disability benefits or Supplemental Security Income. PIE is slated to post diaries on individual records and will still require manual action by SSA employees to go into the record to review and post the earnings to the record. PIE is a good first step but will be limited based on employer participation and may not cover the majority of individuals receiving SSDI and SSI benefits. SSA must continue to pursue other initiatives and program improvements.

RESOURCES

SSA must have the resources, systems, and policies to make it easier and more efficient for our customers and employees. The agency must continue efforts to replace front-line staff in field offices and teleservice centers to help those who request our assistance. At the same time, SSA must work with Congress to ensure that our policies and how we transact business are thoughtful, accurate, and efficient.

To address many of the challenges outlined above, SSA must have appropriate funding. NCSSMA believes that funding for SSA is an excellent investment on behalf of the American public and has submitted testimony to the Senate and House Appropriations Committees requesting that Congress approves funding of *no less* than the Commissioner's budget request of $16.236 billion in Fiscal Year (FY) 2025 for SSA's Limitation on Administrative Expenses (LAE) account. We realize the funding challenges currently facing Congress, but if modest, yet sustained funding increases could be provided for SSA it would allow the agency to address existing challenges and provide future opportunities to the American public to access timely, accurate payment of their benefits. They deserve, and have paid for, no less.

CONCLUSION

Implementing a consistent method of how wages and work incentives are counted between the Supplemental Security Income and the Social Security Disability Insurance program and simplifying both programs will reduce improper payments, improve understanding for recipients, and encourage claimants to return to work. NCSSMA also believes that improving how wages are reported and making wage reporting more of an automated process will ensure the Social Security Administration is paying recipients the right amount at the right time while decreasing administrative burden in the agency's field offices.

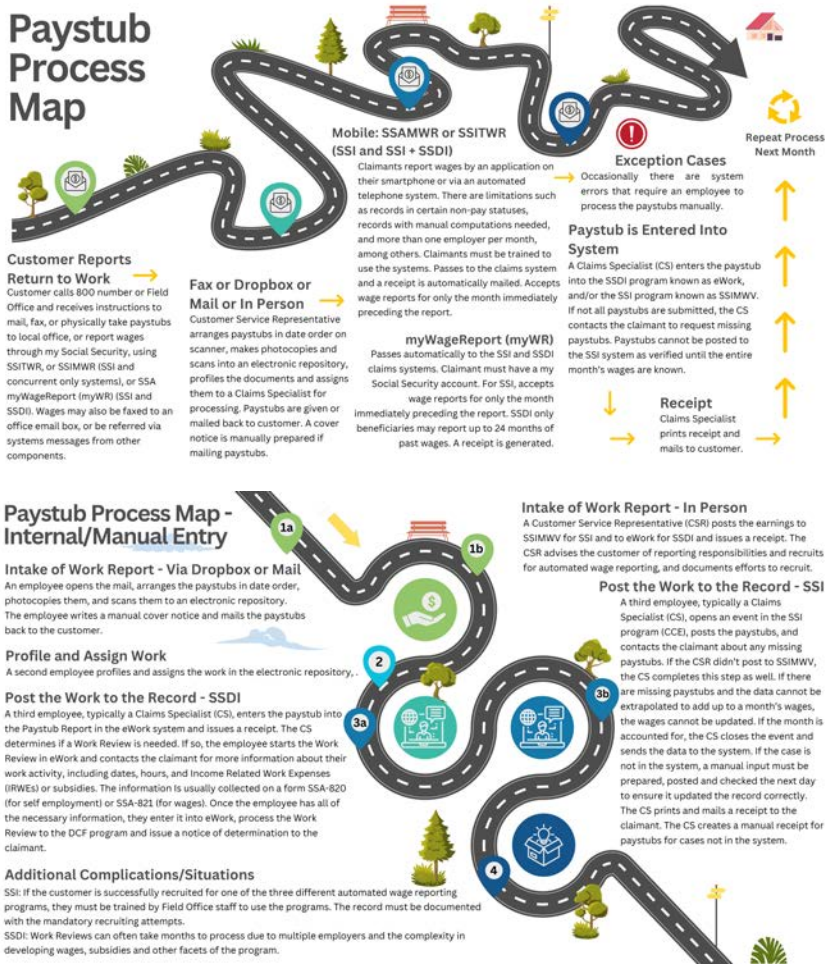
Administering the SSDI and SSI disability programs are only two workloads that SSA is responsible for. All workloads are all important. Although certain workloads

fall under the purview of other components, the majority of workloads fall on the shoulders of field office employees. In addition, as the visual representation at the end of this testimony demonstrates, because of system and policy limitations, even workloads that fall under the purview of other components, often become the field offices' responsibility. We would welcome any assistance that Congress can provide to simplify these workloads and improve our systems. This would reduce the burden on beneficiaries and employees, and improve our stewardship capabilities.

We understand that there are significant challenges for SSA to overcome, but there are also significant opportunities that we can create. It will require a team effort to address these challenges and we appreciate the engaged oversight of the committee and the support you have shown for our agency and our members over the years. Working together, we can address challenges while at the same time creating opportunities.

On behalf of the National Council of Social Security Management Associations, thank you again for the opportunity to be here today to provide our front-line perspective. National Council members are not only dedicated Social Security managers and supervisors, but are also personally committed to the mission of the agency, providing the best service possible to your constituents. We respectfully ask that you consider our comments and appreciate any assistance you can provide in ensuring the American public receives the critical and necessary service they deserve from the Social Security Administration.





Social Security Administration
Mobile Wage Reporting
App-Instructions

These instructions explain what SSI recipients, deemors, and representative payees need to do to use the SSA Mobile Wage Reporting App (available for download in the Google Play Store and the Apple App Store) to report gross wages from their pay stubs to SSA. Recipients, deemors and representative payees who prefer not to report wages by using the app may use the telephone wage reporting tool, the online wage reporting tool on the *my* Social Security website, or traditional reporting methods such as mailing or bringing paystubs into their local Social Security office.

Monthly reporters who experience technical difficulties should contact their local Social Security office for assistance.

WHEN YOU SHOULD REPORT MONTHLY WAGES

Please report wages during the first 6 days of the month to help prevent an incorrect SSI payment. You can choose which of the 6 days to report. If you miss reporting during the first 6-day reporting period at the beginning of the month, you can still report the wages using the mobile application, via the telephone or online application, or through your local Social Security Office.

> Note: Wages reported after the sixth of each month might not be reflected accurately in a future month. SSA will mail a notice if there are changes to the payment amount explaining these changes and your right to appeal.

THINGS TO KNOW BEFORE REPORTING WAGES ON A MOBILE DEVICE

- ☑ Reporters using the app should be at least 18 years of age or older.
- ☑ The **wage earner's** Social Security number—this is the person working.
- ☑ Every paystub the wage earner received for the entire month. Every paystub at a minimum must show the pay date and gross wage amount. Gross wages are the amount of pay before taxes and other deductions.
- ☑ If you are reporting wages as a parent or wage earner and your child receives SSI, only enter your own information. You do not need to enter your child's SSN. Your SSN is connected to your child's record, so the report is posted properly.

WHO IS THE WAGE EARNER?

A wage earner is the person who is working and receiving wages or payment for working. You are the wage earner if you are working and you are reporting your own wages. If you are reporting someone else's wages, then the wage earner is the person whose wages you are reporting.

How to Download the SSA Mobile Wage Reporting App to Your Device

ANDROID SMARTPHONES AND TABLETS

On your mobile device (from the Google Play Store):

1. Tap the "Google Play" icon. Tap the "Search" icon on your screen and type **"SSA Mobile Wage Reporting"** into the search bar that appears.
2. Navigate to the **SSA Mobile Wage Reporting** application and tap to select it. The details screen will appear, and you can read more about the app, its features and the developer.
3. Tap the "Install" button to download the SSA Mobile Wage Reporting app. Once fully downloaded, you can access and begin using the app.

APPLE iPHONE AND iPAD

On your mobile device (from the Apple App Store):

1. Tap the "App Store" icon on the home screen of your iPhone or iPad. Tap "Search" at the bottom of the screen and type **"SSA Mobile Wage Reporting"** into the search bar that appears.
2. Tap the icon that appears to reach additional information about the app, including developer notes, screen shots and user ratings.
3. Tap the "Get" button to download the **SSA Mobile Wage Reporting** app. Once fully downloaded, you can access and begin using the app.

HOW TO REPORT WAGES USING THE MOBILE APPLICATION

1. On the Home page, select "Get Started."
2. The Enhanced Security Options page provides information about the sign in options available on the next page. Select "Sign In/Register" to proceed.
3. The Sign In page offers three options to sign in:

a. If you have a *my* Social Security account created before September 18, 2021, select "Sign in with Social Security Username" and then enter your username and password.

b. If you have a *Login.gov* account, select "Sign in with *LOGIN.GOV*."

c. If you have an *ID.me* account, select "Sign in with *ID.me*."

d. If you do not have an account with any of the three sign-in options, select "Create an account."

i. You will be redirected to the *Login.gov* site to create an account.

ii. After you create an account, you will be redirected back to the Sign In page. Select "Sign in with *LOGIN.GOV*" to sign in.

Note: After signing in, most pages will give you an option to log out at any point in the wage reporting process.

4. After signing in, you will be presented with the Terms of Service and Privacy Act Statement pages to review.

5. The Reporting Month page provides the month for which you can report wages (the month prior to the current month).

6. On the Report page, select if you are reporting wages for yourself, other person(s), or both.

a. If you are reporting wages for yourself or "both," select "Yes" on the Your Wage Information page if you received wages for the reporting month.

Note: Enter your own information first and after a successful submission, you will see a "Submit for Another Person" button. Select this button to begin to submit wages for the other person. Enter their SSN and their wages; there is no need to enter your own information again.

b. If you are reporting wages for "other persons," input the Social Security number of the person who earned his/her wages in the Personal Information—You Are Reporting For . . . page.

Note: Always enter SSN of the wage earner, not the beneficiary. If you are a parent reporting wages, but your spouse is the wage earner, enter your spouse's SSN and gross wages earned.

7. On the Paystub Information page take a picture, upload, or manually enter information for every paystub for the reporting month.

8. To take a picture of each paystub:

a. Place the paystub on a dark colored, non-reflective surface that is well lit.

b. Position the camera directly over the paystub (not angled).

c. Ensure all wage fields are in picture and can be read clearly.

d. Take picture of paystub.

e. Once paystub information uploads to the Paystub Information page, confirm the wage data is accurate. Fill in any missing fields and type in corrections as needed.

f. If needed, select "+Add New" button towards the top right of the Review page to submit additional paystubs.

9. To upload a file of each paystub:

a. Choose the paystub file to upload, one file at a time.

b. File size must be 10mb or less.

c. File type must be PDF, PNG, or JPG.

d. Once paystub information uploads to the Paystub Information page, confirm the wage data is accurate. Fill in any missing fields and type in corrections as needed.

e. If needed, select "+Add New" button at the top of the Review page to submit additional paystubs.

10. To manually enter each paystub:

a. Select the Enter Manually tab at top of the Paystub Information page.

b. Enter the requested data.

c. Confirm the wage data is accurate.

d. If needed, select the "+Add New" button at the top of the Review page to submit additional paystubs.

11. After adding all of the paystubs for the reporting month, select "Continue" on the Review page.

Note: Please double check that you only include dates and amounts that you received in the month shown at the top of the page.

12. Confirm the information is correct on the Review page and select "Submit."

a. "Thank you for submitting your wage report." page will display.

b. If you need to submit paystubs for someone else, select "Submit for Another Person."

c. Select "Log Out" to sign out of your account and be redirected back to the Home page.

Remember, consistent and timely monthly wage reporting helps prevent SSI overpayments and underpayments.

WAGE REPORTING REMINDER

***You can now sign up for email or text reminders to report monthly wages for SSI at* www.socialsecurity.gov/ssiwagereporting.**

PAPERWORK REDUCTION ACT STATEMENT

This information collection meets the requirements of 44 U.S.C. § 3507, as amended by section 2 of the Paperwork Reduction Act of 1995. You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take about 5 minutes to read the instructions, gather the facts, and answer the questions.

You may send comments on our time estimate above to: SSA, 6401 Security Blvd., Baltimore, MD 21235–6401. **Send *only* comments relating to our time estimate to this address, not the completed report.**

The OMB control number for the Supplemental Security Income Telephone Wage Reporting and the associated instructions package is 0960–0715; expiration date 05/31/2026.

PRIVACY ACT STATEMENT
COLLECTION AND USE OF PERSONAL INFORMATION

Sections 205(a) and 1631(e) of the Social Security Act, as amended, allow us to collect this information. Furnishing us this information is voluntary. However, failing to provide all or part of the information may prevent us from making an accurate and timely decision on eligibility for Supplemental Security Income (SSI) benefits.

We will use the information you provide to make a determination of eligibility for SSI benefits. We may also share your information for the following purposes, called routine uses:

- To third-party contacts such as private collection agencies and credit reporting agencies under contract with the Social Security Administration (SSA) and State motor vehicle agencies for the purpose of their assisting SSA in recovering overpayments; and
- To contractors and other Federal agencies, as necessary, for the purpose of assisting SSA in the efficient administration of its programs.

In addition, we may share this information in accordance with the Privacy Act and other Federal laws. For example, where authorized, we may use and disclose this information in computer matching programs, in which our records are compared with other records to establish or verify a person's eligibility for Federal benefit programs and for repayment of incorrect or delinquent debts under these programs.

A list of additional routine uses is available in our Privacy Act System of Records Notices (SORN) 60–0089, entitled Claims Folders System, as published in the Fed-

eral Register (FR) on April 01, 2003, at 68 FR 15784 and 60–0103, entitled Supplemental Security Income Record and Special Veterans Benefits, as published in the FR on January 11, 2006, at 71 FR 1830. OMB 0960–0715

Additional information, and a full listing of all of our SORNs, is available on our website at *https://www.ssa.gov/privacy/*.

Supplemental Security Income
Telephone Wage Reporting—Instructions

Recipients, deemors, and representative payees reporting a change in wages can report **total** monthly wages to SSA by telephone. These instructions explain what recipients, deemors, and representative payees need to do in order to use the SSA phone system to report **total** monthly wages. Using the following charts to help you calculate your monthly wages is voluntary. Recipients, deemors, and representative payees who prefer not to report wages by telephone may use the mobile wage reporting application, the online wage reporting tool on the *my* Social Security website, or traditional reporting methods such as mailing or bringing paystubs into their local Social Security office. Monthly telephone reporters who experience technical difficulties should contact their local Social Security office for assistance.

WHEN YOU SHOULD CALL TO REPORT MONTHLY WAGES

Please report wages during the first six days of the month to help prevent an incorrect SSI payment. You can choose which of the six days to call. If you miss reporting during the six-day reporting period at the beginning of the month, you can still report wages over the phone, via the mobile or internet application, or through your local Social Security office.

THINGS YOU NEED TO HAVE BEFORE YOU REPORT WAGES BY TELEPHONE

- ☑ The **caller's** Social Security number—this is the person actually calling to report the wages
- ☑ The **wage earner's** Social Security number—this is the person working
- ☑ The TOTAL amount of gross wages received for the entire month by the wage earner. Gross wages are the amount of pay before taxes and other deductions
- ☑ The caller's name as it appears on their Social Security card

HOW TO FIGURE THE TOTAL WAGES FOR EACH MONTH

Fill in the blanks on the attached worksheets. Use your worksheet to report wages for the entire month when you call the 800 number.

WHO IS THE WAGE EARNER?

A wage earner is the person who is working and receiving wages or payment for working. You are the wage earner if you are working and you are reporting your own wages. If you are calling to report someone else's wages, then the wage earner is the person whose wages you are reporting.

HOW TO FILL IN THE WORKSHEET

Date Paid

Use Box **A** to show the date paid.
Date Paid is the date (Month, Day, Year) the wage earner is paid (pay day).

Gross Wages

Use Box **B** to show the gross amount of wages.
Enter dollars and cents ($ X,XXX.cc).
Use the wage earner's pay stub to find the gross wages. Gross wages are the amount of pay before taxes and other deductions. Do **not** enter net wages, which is the amount of take-home pay on the paycheck, or the direct deposit amount to your bank account. Do **not** enter the total wages for the year, also called the year-to-date (YTD) amount.

Use a Separate Line for Each Pay

You should fill in a line for each pay date in a month.
If the wage earner is paid 2 times a month, you should fill-in **Line 1** and **Line 2.**

If the wage earner is paid 3 times a month, you should fill-in **Line 1, Line 2,** and **Line 3.**
If the wage earner is paid 4 times a month, you should fill-in Line 1, Line 2, Line 3, and Line 4. If the wage earner is paid 5 times a month, you should fill-in **Line 1, Line 2, Line 3, Line 4** and **Line 5.**
If the wage earner gets an extra check for special pay such as an award, bonus, unused vacation, or any other reason, use a separate line to enter the pay date and gross wages.

How Wage Earner is Paid:	Number of Pays a Month:
Paid Weekly	4 Pays or 5 Pays
Paid Bi-Weekly (Every 2 Weeks)	2 or 3 Pays
Paid Bi-Monthly	2 Pays
Paid Monthly	1 Pay

Total Gross Wages
Use Box **C** to enter the total amount of gross wages received in the entire month. Add together all gross wages in Box **B** for each line where you have wage amounts. This is your total monthly wages. Put the total in Box C TOTAL.

Please double check that you only include all dates and amounts that you received in the month shown at the top of the page.

You are now ready to call in and report the total gross wages received.

IMPORTANT:

- Please be sure to report wages from a quiet location, since background noise may cause the report to fail.
- Each month you should report the total gross wages received in the PREVIOUS month.

Remember, consistent and timely monthly wage reporting helps prevent SSI overpayments and underpayments.

Call 1–866–772–0953 now to make your report.

Wage Reporting Reminder

***You can now sign up for email or text reminders to report monthly wages for SSI at* https://www.ssa.gov/ssi/reporting/wages**

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You may send comments on our time estimate above to: SSA, 6401 Security Blvd., Baltimore, MD 21235–6401. **Send *only* comments relating to our time estimate to this address, not the completed report.**

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PRIVACY ACT STATEMENT
COLLECTION AND USE OF PERSONAL INFORMATION

Sections 205(a) and 1631 of the Social Security Act, as amended, allow us to collect your information or the information you are submitting on behalf of another, which we will use to determine eligibility for Social Security benefits. Providing this information is voluntary, but not providing all or part of the information may prevent an accurate and timely decision for any entitlement or benefits claim. As law permits, we may use and share the information you submit, including with other

Federal agencies, contractors, employers, and others, as outlined in the routine uses within System of Records Notice(s) (SORN) 60–0089, Claims Folders System; 60–0103, Supplemental Security Income Record and Special Veterans Benefits; available at *https://www.ssa.gov/privacy/*. The information you submit may also be used in computer matching programs to establish or verify eligibility for Federal benefit programs and to recoup debts under these programs.

OMB 0960-0715

Supplemental Security Income
Wages for October 2023

Wages for **OCTOBER**

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Days to report in **NOVEMBER**

S	M	T	W	T	F	S
			1	**2**	**3**	**4**
5	**6**	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Please report October's wages during the first 6 days of November.

	BOX A	**BOX B**
Line **1**	Date Paid: October ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **2**	Date Paid: October ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **3**	Date Paid: October ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **4**	Date Paid: October ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **5**	Date Paid: October ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **6**	Date Paid: October ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐

BOX C **TOTAL Gross Wages** $ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for OCTOBER 2023

Call 1-866-772-0953 now to make your report.

KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for November 2023

Wages for **NOVEMBER**

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Days to report in **DECEMBER**

S	M	T	W	T	F	S
					1	**2**
3	**4**	**5**	**6**	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Please report November's wages during the first 6 days of December.

	BOX A			**BOX B**	
Line **1**	Date Paid:	November	___, 2023	Gross Wages:	$ ☐,☐☐☐.☐☐
Line **2**	Date Paid:	November	___, 2023	Gross Wages:	$ ☐,☐☐☐.☐☐
Line **3**	Date Paid:	November	___, 2023	Gross Wages:	$ ☐,☐☐☐.☐☐
Line **4**	Date Paid:	November	___, 2023	Gross Wages:	$ ☐,☐☐☐.☐☐
Line **5**	Date Paid:	November	___, 2023	Gross Wages:	$ ☐,☐☐☐.☐☐
Line **6**	Date Paid:	November	___, 2023	Gross Wages:	$ ☐,☐☐☐.☐☐

BOX C	**TOTAL Gross Wages**	$ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for NOVEMBER 2023

Call 1-866-772-0953 now to make your report.

KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for December 2023

Wages for **DECEMBER**

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Days to report in **JANUARY**

S	M	T	W	T	F	S
	1	**2**	**3**	**4**	**5**	**6**
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Please report December's wages during the first 6 days of January.

	BOX A	**BOX B**
Line **1**	Date Paid: December ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **2**	Date Paid: December ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **3**	Date Paid: December ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **4**	Date Paid: December ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **5**	Date Paid: December ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
Line **6**	Date Paid: December ___, 2023	Gross Wages: $ ☐,☐☐☐.☐☐
	BOX C	**TOTAL Gross Wages** $ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for DECEMBER 2023
Call 1-866-772-0953 now to make your report.
KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for January 2024

Wages for **JANUARY**

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Days to report in **FEBRUARY**

S	M	T	W	T	F	S
				1	**2**	**3**
4	**5**	**6**	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

Please report January's wages during the first 6 days of February.

	BOX A	**BOX B**
Line **1**	Date Paid: January ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **2**	Date Paid: January ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **3**	Date Paid: January ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **4**	Date Paid: January ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **5**	Date Paid: January ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **6**	Date Paid: January ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐

BOX C **TOTAL Gross Wages** $ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for JANUARY 2024
Call 1-866-772-0953 now to make your report.
KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for February 2024

Wages for **FEBRUARY**

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

Days to report in **MARCH**

S	M	T	W	T	F	S
					1	**2**
3	**4**	**5**	**6**	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Please report February's wages during the first 6 days of March.

	BOX A	**BOX B**
Line **1**	Date Paid: February ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **2**	Date Paid: February ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **3**	Date Paid: February ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **4**	Date Paid: February ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **5**	Date Paid: February ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **6**	Date Paid: February ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
	BOX C **TOTAL Gross Wages**	$ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for FEBRUARY 2024
Call 1-866-772-0953 now to make your report.
KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for March 2024

Wages for **MARCH**

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Days to report in **APRIL**

S	M	T	W	T	F	S
	1	**2**	**3**	**4**	**5**	**6**
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Please report March's wages during the first 6 days of April.

	BOX A	**BOX B**
Line **1**	Date Paid: March ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **2**	Date Paid: March ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **3**	Date Paid: March ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **4**	Date Paid: March ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **5**	Date Paid: March ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **6**	Date Paid: March ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
	BOX C **TOTAL Gross Wages**	$ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for MARCH 2024

Call 1-866-772-0953 now to make your report.

KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for April 2024

Wages for **APRIL**

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Days to report in **MAY**

S	M	T	W	T	F	S
			1	**2**	**3**	**4**
5	**6**	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Please report April's wages during the first 6 days of May.

	BOX A	**BOX B**
Line **1**	Date Paid: April ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **2**	Date Paid: April ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **3**	Date Paid: April ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **4**	Date Paid: April ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **5**	Date Paid: April ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **6**	Date Paid: April ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
	BOX C **TOTAL Gross Wages**	$ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for APRIL 2024

Call 1-866-772-0953 now to make your report.

KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for May 2024

Wages for **MAY**

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Days to report in **JUNE**

S	M	T	W	T	F	S
						1
2	**3**	**4**	**5**	**6**	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Please report May's wages during the first 6 days of June.

	BOX A	**BOX B**
Line **1**	Date Paid: May ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **2**	Date Paid: May ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **3**	Date Paid: May ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **4**	Date Paid: May ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **5**	Date Paid: May ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **6**	Date Paid: May ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
	BOX C **TOTAL Gross Wages**	$ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for MAY 2024

Call 1-866-772-0953 now to make your report.

KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for June 2024

Wages for **JUNE**

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Days to report in **JULY**

S	M	T	W	T	F	S
	1	**2**	**3**	**4**	**5**	**6**
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Please report June's wages during the first 6 days of July.

	BOX A	**BOX B**
Line **1**	Date Paid: June ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **2**	Date Paid: June ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **3**	Date Paid: June ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **4**	Date Paid: June ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **5**	Date Paid: June ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
Line **6**	Date Paid: June ___, 2024	Gross Wages: $ ☐☐☐,☐☐☐.☐☐
	BOX C **TOTAL Gross Wages**	$ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for JUNE 2024

Call 1-866-772-0953 now to make your report.

KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for July 2024

Wages for **JULY**

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Days to report in **AUGUST**

S	M	T	W	T	F	S
				1	**2**	**3**
4	**5**	**6**	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Please report July's wages during the first 6 days of August.

	BOX A	**BOX B**
Line **1**	Date Paid: July ___, 2024	Gross Wages: $ ☐☐,☐☐☐.☐☐
Line **2**	Date Paid: July ___, 2024	Gross Wages: $ ☐☐,☐☐☐.☐☐
Line **3**	Date Paid: July ___, 2024	Gross Wages: $ ☐☐,☐☐☐.☐☐
Line **4**	Date Paid: July ___, 2024	Gross Wages: $ ☐☐,☐☐☐.☐☐
Line **5**	Date Paid: July ___, 2024	Gross Wages: $ ☐☐,☐☐☐.☐☐
Line **6**	Date Paid: July ___, 2024	Gross Wages: $ ☐☐,☐☐☐.☐☐
	BOX C **TOTAL Gross Wages**	$ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for JULY 2024

Call 1-866-772-0953 now to make your report.

KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

OMB 0960-0715

Supplemental Security Income
Wages for August 2024

Wages for **AUGUST**

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Days to report in **SEPTEMBER**

S	M	T	W	T	F	S
1	**2**	**3**	**4**	**5**	**6**	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

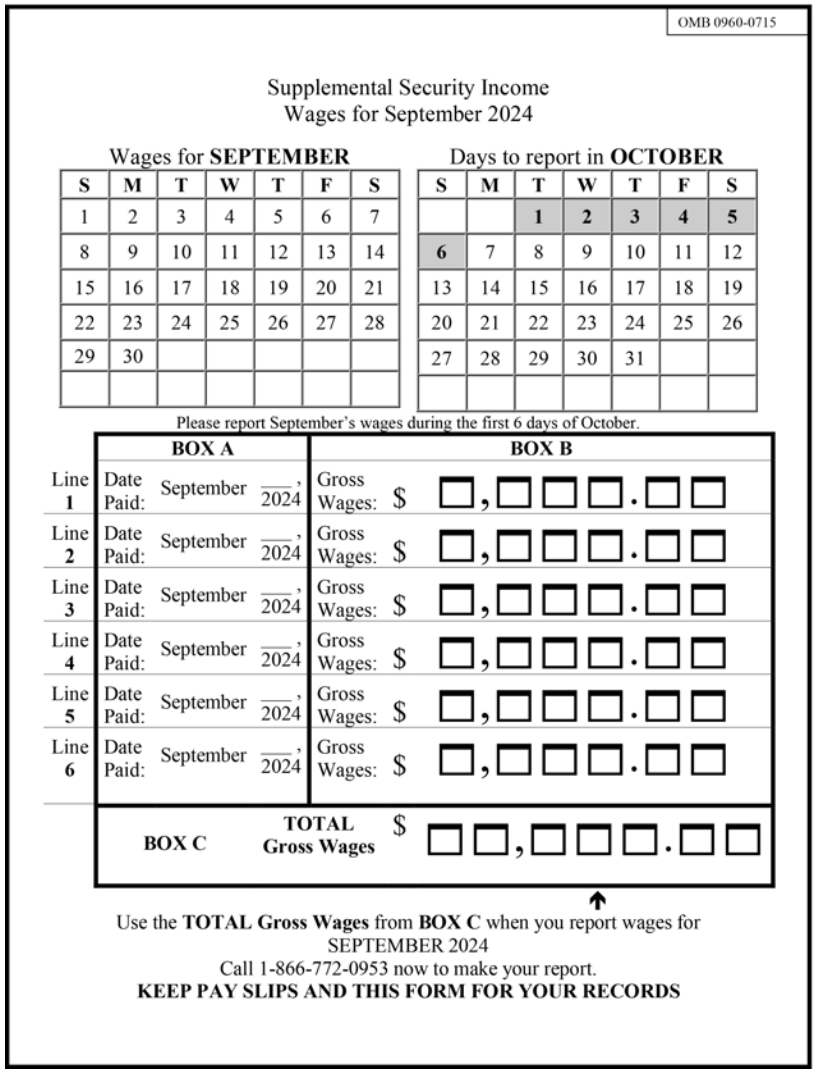
Please report August's wages during the first 6 days of September.

	BOX A		**BOX B**
Line **1**	Date Paid: August ___, 2024	Gross Wages:	$ ☐☐,☐☐☐.☐☐
Line **2**	Date Paid: August ___, 2024	Gross Wages:	$ ☐☐,☐☐☐.☐☐
Line **3**	Date Paid: August ___, 2024	Gross Wages:	$ ☐☐,☐☐☐.☐☐
Line **4**	Date Paid: August ___, 2024	Gross Wages:	$ ☐☐,☐☐☐.☐☐
Line **5**	Date Paid: August ___, 2024	Gross Wages:	$ ☐☐,☐☐☐.☐☐
Line **6**	Date Paid: August ___, 2024	Gross Wages:	$ ☐☐,☐☐☐.☐☐
	BOX C	**TOTAL Gross Wages**	$ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for AUGUST 2024

Call 1-866-772-0953 now to make your report.

KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS



OMB 0960-0715

Supplemental Security Income
Wages for September 2024

Wages for **SEPTEMBER**

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Days to report in **OCTOBER**

S	M	T	W	T	F	S
		1	**2**	**3**	**4**	**5**
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Please report September's wages during the first 6 days of October.

	BOX A	**BOX B**
Line **1**	Date Paid: September ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **2**	Date Paid: September ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **3**	Date Paid: September ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **4**	Date Paid: September ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **5**	Date Paid: September ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
Line **6**	Date Paid: September ___, 2024	Gross Wages: $ ☐,☐☐☐.☐☐
	BOX C	**TOTAL Gross Wages** $ ☐☐,☐☐☐.☐☐

Use the **TOTAL Gross Wages** from **BOX C** when you report wages for SEPTEMBER 2024
Call 1-866-772-0953 now to make your report.
KEEP PAY SLIPS AND THIS FORM FOR YOUR RECORDS

QUESTIONS SUBMITTED FOR THE RECORD TO KATHERINE ZULEGER

QUESTIONS SUBMITTED BY HON. RON WYDEN

Question. During the hearing, you testified that SSA's complex policies related to work often make it difficult for SSA employees to clearly and accurately articulate SSA's rules to beneficiaries. As an example, you testified that SSA's customer service and teleservice representatives—the SSA employees who answer the national 800 number—have limited experience and may not be able to effectively communicate SSA's work incentive rules to beneficiaries. Further, you mentioned that these employees are not able to view the individual's work determination and see where they are in the return to work cycle or which work incentives have been applied, which increases the risk of a beneficiary experiencing an overpayment.

What are possible strategies, including operational or technological changes, that would help improve customer service and make SSA's policies easier to understand and articulate?

Answer.

Operational

- Channel services to specialized units in Processing Centers or Workload Support Units. Field Offices are not adequately staffed to establish specialized units in-house.
- Plain language in SSA's query systems for employees to deliver information to customers. Inclusion of plain language information in my Social Security for the benefit and ease of customers.
- Consistent work incentives between the SSDI and SSI programs.
- Enhanced and ongoing training for SSA personnel.

Technological

- Enhance the automated menu for the 800 number to route calls regarding work questions and issues to a Specialized Work Continuing Disability Review (CDR) Unit. This unit could be established in the Processing Centers or Workload Support Units.
- One system for all SSA employees (field office, Teleservice Center, Workload Support Unit, processing centers) to use and administer the programs. The Technician Experience Database (TED) is a program that has that potential.
- Streamline work reporting processes. SSA currently uses Supplemental Security Income Telephone Wage Reporting (SSITWR), Supplemental Security Income Mobile Wage Reporting (SSIMWR), Social Security Administration MyWageReport (SSA myWR) in addition to paper paystubs received in field offices via mail, fax and in-person.
- Digital documentation and verification (artificial intelligence to capture and transmit wage information directly to the record).

Question. SSA describes expedited reinstatement (EXR) as "a safety net for people who successfully return to work and lose their entitlement to" SSI or DI benefits. By law, SSA can pay a maximum of 6 months of provisional benefits to people with pending EXR requests. However, it often takes SSA longer than 6 months to process the EXR request, forcing people with disabilities to wait in limbo without financial support.

Can you please explain the EXR application process, including the necessary systems required to determine the EXR claim? How does the process differ from the SSDI and SSI initial application process?

Answer. See the attached flow chart included for an overview of the process.

SSA employees must currently review and explain the following options to the applicant: DI 13050.020—Filing Considerations—Expedited Reinstatement Versus Initial Claim *(ssa.gov)*.

C. POLICY—TITLE II

The following issues should be considered when an individual decides whether to request EXR or file a new initial claim. The issues below are not necessarily a list of all the considerations an individual may have and each individual's circumstances will vary. The field office should thoroughly review each of these considerations with the individual before they decide whether to request EXR or file a new initial claim.

1. Benefit Computation

The PIA computed based on a new claim may differ from the PIA (plus COLAs and AERO adjustments) that is computed for EXR from the previous reinstated entitlement. This is especially true if the individual had significantly higher or lower earnings in the period following termination. A computation must be done to compare the new PIA with the reinstatement PIA.

2. Medicare Coverage

A denial based on MIRS medical improvement of an EXR request terminates an individual's Medicare coverage (other than ESRD) even though they had Medicare coverage before requesting reinstatement. This occurs because the second step of the

medical review for a reinstatement request follows the guidelines of the Medical Improvement Review Standard (MIRS) and MIRS is used as a basis to evaluate continued eligibility for Medicare coverage. However, a medical denial of an initial claim may not terminate Medicare coverage. See DI 13050.070 for more information regarding EXR denials and Medicare termination, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0413050070*.

3. Benefit Retroactivity

A new disability claim may have as much as 12 months of retroactivity for benefit entitlement purposes. Reinstated benefits can also have up to 12 months of retroactivity from the request month if the individual is found to be entitled to EXR.

If the individual decides to request EXR, use SSA–820 or 821 to document SGA and record the SGA determination on the SSA–823 (see DI 13050.045C.1.b., *https://secure.ssa.gov/apps10/poms.nsf/lnx/0413050045#c1b*). The DDS must have this information to consider retroactivity and establish the proper month of entitlement. See DI 13050.060A for further discussion, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0413050060#a*.

Retroactive benefits cannot be reinstated via EXR for a month prior to January 2001.

NOTE: The 6-month limitation on retroactivity for an RSI childhood disability beneficiary (CDB) (see GN 00204.030B.5., *https://secure.ssa.gov/apps10/poms.nsf/lnx/0200204030#b5*) does not apply to EXR. CDB beneficiaries who are approved for EXR are eligible for up to 12 months of retroactive benefits, assuming all other requirements are met.

4. Insured Status

A new initial claim requires that the NH meet insured status for that claim. EXR does not have this requirement as it is based on the prior entitlement.

5. Return To Work Issues

In an initial claim, work in the retroactive period that is above the SGA monthly level may be determined to be an unsuccessful work attempt, thus allowing payment for those months. In EXR, a monthly benefit within the 24-month initial reinstatement period (IRP) (which would include retroactive months) is not payable if work in that month is SGA. (See DI 13050.066A, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0413050066#a.*)

Also, in an initial claim, a return to SGA within 12 months of the onset can cause the claim to be denied. In EXR, if the return to SGA is after the EXR request month, and allows at least one month of reinstated benefits, the work activity does not cause a denial. The individual is placed in suspense for SGA months. For the requirements for EXR eligibility, see DI 13050.010B.1, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0413050010#b1.*

In an initial claim, the individual must meet the medical duration requirements. In EXR, the individual need only to not have engaged in SGA in the month the request is filed and then, for title II purposes, can possibly be entitled in an individual non-SGA month in the retroactive period.

6. The 24-Month Initial Reinstatement Period (IRP)

The IRP allows payment for non-SGA months in up to 24 total months before the individual reenters regular work provisions (TWP/EPE). Benefits suspended or withheld for reasons other than SGA (such as offsets or overpayments) may be counted toward this 24-month period. Medicare coverage continues throughout, including the SGA months. See DI 13050.066 for a complete discussion of the IRP, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0413050066*.

7. Protective Writing

If an EXR request is denied, it can then serve as a protective writing for a new initial claim. However, if an initial claim is denied it does not protect EXR filing. This could be an important consideration if more than 12 months retroactivity is possible under both filing options.

8. Medicare Issue

The extended period of Medicare begins with the first month of SGA after the 15th month of the EPE. Under EXR an individual cannot enter the TWP, EPE and extended Medicare period until they have completed the IRP. EXR can result in a substantial lengthening of Medicare coverage when an individual returns to ongoing SGA during the IRP.

9. Statutory Blindness

The general EXR provisions apply to disability benefits based on statutory blindness in the same way they apply to other disability benefits. However, in the initial claims process an individual in a freeze period is not normally required to undergo a new medical review to reestablish cash benefits. Under EXR, the individual is required to undergo the EXR same as or related and MIRS review process (see DI 26001.005 regarding the disability freeze status, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0426001005*).

10. Ticket to Work

If the beneficiary is using a Ticket to Work and either the new claim or the EXR request is approved, a new period of disability entitlement or eligibility will be established. As a result, that ticket will terminate and the plan and agreement with the provider will no longer be in effect. A new ticket will be issued, which the beneficiary may assign by entering into a new agreement with the previous provider or a new provider. For policies on ticket terminations, see DI 55002.055, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0455002055*.

D. POLICY—TITLE XVI

1. Protective Filing

A protective filing could allow SSI entitlement retroactively to the protective filing date. Under no circumstances can EXR payments be made for a period before February 2001. Protective filing does not apply to the start month for provisional payments. See DI 13050.030E, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0413050030#e*.

2. Substantial Gainful Activity

Returning to work while a determination is pending could cause an SSI initial claim to be denied (medical duration requirements). Under EXR, work activity after the month the EXR request is filed is treated as earnings under normal SSI computation procedures.

3. The 24-month Initial Reinstatement Period (IRP)

The IRP provides that payment for 24 total months must be made before the individual can again qualify for reinstatement through EXR. Months of eligibility to 1619(b) are counted towards the IRP.

4. Protective Writing

If an EXR request is denied, it will then serve as a protective writing for a new initial claim. However, if an initial claim is denied it does not protect EXR filing.

5. Ticket to Work

If the individual is using a Ticket to Work and either the new claim or the EXR request is approved, a new period of disability entitlement or eligibility is established. As a result, that ticket terminates and the plan and agreement with the provider is no longer in effect. A new ticket is issued, which the beneficiary may assign by entering into a new agreement with the previous provider or a new provider. For policies on ticket terminations, see DI 55002.055, *https://secure.ssa.gov/apps10/poms.nsf/lnx/0455002055*.

Question. What are the key pain points that increase delays in processing EXR claims?

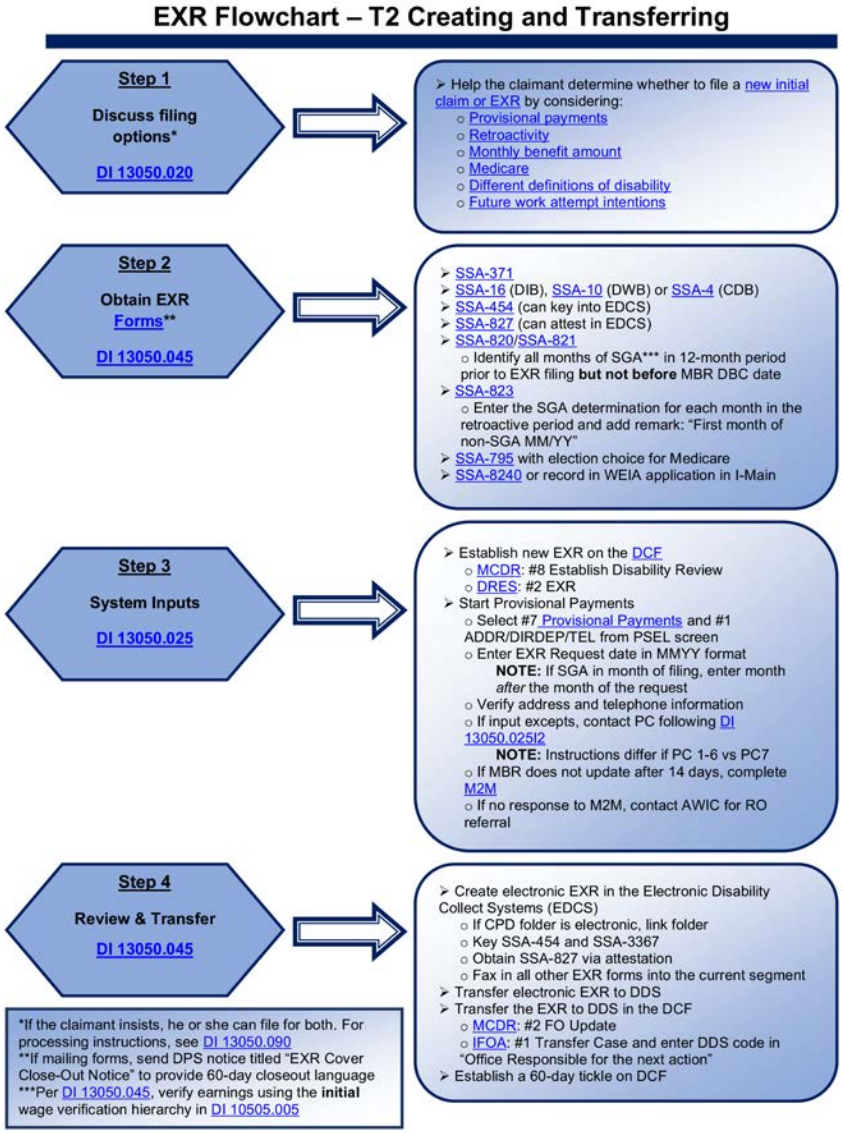
Answer. It is a labor-intensive, manual process; multiple stand-alone systems are involved in the processing; limitation of 6-month provisional payments; and inability to fully process the EXR in the field office. The EXR must be processed into pay by the Payment Center, but the Payment Center does not do the front-end development.

Question. Are there any suggested strategies or policy changes to improve processing of EXR claims? For instance, would giving field offices the authority to start EXR provisional payments?

Answer. Increase the length of time that provisional payments can be made from 6 months to 12 months. Alternatively, provisional payments could continue until the determination is made, similar to Statutory Benefit Continuation payments.

Allow the field offices to pay provisional payments via the Continuing Payment System if needed.

Allow applications to be loaded and processed via Modernized Claim System, rather than a manual process outside our application systems. This improvement would result in the greatest efficiency gains to the process.



COMMUNICATIONS

ALLSUP LLC AND ALLSUP EMPLOYMENT SERVICES LLC
300 Allsup Place
Belleville, IL 62223

Statement of James F. Allsup, Founder and CEO

Chairman Wyden, Ranking Member Crapo, and Members of the Committee, thank you for considering my written statement regarding the Social Security Administration's important opportunity when helping Social Security disability beneficiaries with the process of returning to work.

My name is James Allsup, and I am a former employee of the SSA and the founder and CEO of Allsup, a national non-attorney Social Security Disability Insurance (SSDI) representation company; and Allsup Employment Services (AES), a Social Security-authorized Employment Network with the responsibility of providing services to disability beneficiaries as they return to work using Social Security's Ticket to Work Program. We have a 40-year history of helping former workers through the lengthy and data-intensive process of filing for SSDI benefits. Now, through the efforts of the vocational case managers working at our subsidiary, AES, we have 10 years of experience helping workers to explore, understand and make their way through the complexities of Ticket to Work Program incentives and requirements.

Learning From 10 Years as an Employment Network

Allsup Employment Services' professionals deliver resources and services nationwide to help beneficiaries and the SSA with administering this program, toward the goal of financial self-sufficiency. We guide them through Social Security's requirements, help with communication with the agency, and provide education and assistance through the experience of going back to work after a life-changing medical condition has disrupted their working careers.

Our vocational case managers assist beneficiaries with preparing for, finding, and maintaining employment. We help them understand the benefits of TTW, such as continued Medicare coverage, and work with them as they update their resume, explore transferable skills, identify new job opportunities, search for job postings that align with their skills, and help them prepare for job interviews and accommodation discussions.

In addition, our AES staff participates in and completes the requirements set by SSA as a participating EN, including assisting beneficiaries with completing Individual Work Plans (IWPs), submitting IWPs, reporting updates, and supplying data using the agency's Ticket Portal. The EN also undertakes a significant role in the information, education and outreach to beneficiaries regarding the availability of Ticket to Work assistance. Over 10 years as an authorized EN, our staff has conducted outreach and education (*e.g.,* phone calls and mail) to hundreds of thousands of beneficiaries to discuss with them the importance of considering their return to work and using the Ticket to Work Program to fully explore their opportunity for a better financial future and, in the long term, a more economically stable retirement.

Assessing Today's Disability Program & Work Opportunities

Associate Commissioner Susan Wilschke provided a commendable summary of the current status of employment challenges and opportunity among Social Security disability beneficiaries. The testimony provided June 18, 2024, provides a solid discussion of individuals who claim Social Security disability benefits and the segment of those beneficiaries who are able to return to financial independence through work.

We agree with many of the issues outlined, including that the complexity of the incentives can form a disincentive for beneficiaries who simply are afraid of what may happen to them when they attempt to work and run into difficulties. We agree that the "cash cliff" (outlined in detail through the hearing) can provide an incredibly worrisome obstacle. For instance, we have seen through our own data that overcoming this timing and turning point, in the process of returning to work, can become insurmountable for many beneficiaries who decide it's too great of a personal risk to continue further in TTW. In addition, we agree there is significant opportunity to utilize the program components more effectively, through aspects of design and policy, to reduce the overpayments that carry great cost to the federal agency, as well as beneficiaries and their families.

Along with these observations, we agree there is significant value in improving and refining the Ticket to Work Program. In our 10 years of direct service to customers through AES, one important takeaway is not about problems within TTW, but rather that not enough people know about TTW. Fewer than one in three disability beneficiaries knows this program exists.[1] People cannot sign up to participate in something that they don't know exists. Unfortunately, beneficiaries can miss important provisions when they start working "in the dark" without TTW—either encountering too many hurdles and halting their progress, or facing unplanned benefits terminations and overpayments that damage their financial futures.

As noted, the demonstration authority that lapsed in 2022 points to the expiration of opportunity for additional program evaluation. More importantly, the renewal of funding as well as innovation with existing funds, such as grants and pilot projects that SSA currently undertakes, could lead to additional refinements and drive policy approaches that boost work among beneficiaries. Because one fact is certain: We know beneficiaries go back to work and leave the SSDI program.[2]

Four Basic Solutions to Create Opportunity & Remove Stumbling Blocks to Work

We appreciate the opportunity to provide this statement in response to the important conversation hosted by the U.S. Senate Finance Committee. In the wake of these discussions, we recommend a closer look at four solutions to create opportunity and remove stumbling blocks for SSDI beneficiaries.

These four opportunities are:

1. CDRs and TTW: Aligning the Continuing Disability Review process with Ticket to Work.
2. SSA–455: Aligning versions of SSA–455 and implementing employment assistance for beneficiaries who request this assistance.
3. "Cash Cliff": Emending the regulations that lead to the "cash cliff" and testing alternative benefit models that extend the departure from SSDI benefits to 15 months (up to 3 years).
4. Service Model: Augment accountability with existing SSA contractors (TPM, ENs) to better utilize this existing service model in the process of helping beneficiaries return to work.

Opportunity 1: Aligning Continuing Disability Reviews With Ticket to Work

One element of the SSA's process that deserves more attention with regard to work opportunity is the Continuing Disability Review (CDR) process, which is specifically designed to track the progress of medical recovery for disability beneficiaries. When discussed in the context of Ticket to Work, the beneficiary will learn that because they are participating in TTW, they are protected from a CDR.

However, there is little other mention or alignment between these two elements of the disability benefits program: CDRs and TTW.

Under the current process, once claims are approved by SSA, the agency sets a diary review for all newly approved disability beneficiaries with the identifiers of:

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[1] "National Beneficiary Survey: Disability Statistics, 2015," Social Security Administration, 2018. Excerpt: Table 35. Beneficiary awareness of Ticket to Work: 26.8% of all respondents, and 30.2% of DI-only beneficiaries, *https://www.ssa.gov/policy/docs/statcomps/nbs/2015/index.html*.

[2] "Factors Associated with Successful Work Among Social Security Disability Insurance Beneficiaries," Gina Livermore, Allison Baker, and James Drury. Mathematica, Washington, DC, 2023. Excerpt: "During their first 10 years in the DI program, about 28% of beneficiaries work and have earnings. However, just 6% sustain earnings above the SGA level long enough for SSA to suspend their eligibility for benefits."

Medical Improvement Expected (MIE), Medical Improvement Possible (MIP), or Medical Improvement Not Expected (MINE).[3] These categories are then used to set a time for review of the individual's disability for medical improvement and, as a result, termination of benefits. Hundreds of thousands of mailers (a digital form also is used) are sent to beneficiaries, with a handful of questions regarding their work capacity and medical status, in order to flag the case for a possible full medical CDR. More extensive discussion of the CDR process is available online in POMS and through the SSA's periodic reports.[4] [It is important to note that effective June 20, 2024, an SSA Emergency Message advised staff that full medical CDRs were lowered from 575,000 to 375,000 and advised staff to discontinue full medical CDRs through the remainder of fiscal year 2024.[5]]

Separately, independent of the CDR communication and data-gathering process (about work capacity and medical improvement)—beneficiaries are contacted about the Ticket to Work Program. Individuals receive a notification in their approval letter that mentions Ticket to Work. Then, at a later time, the SSA may conduct outreach directly or through the services of Employment Networks (ENs) about Ticket to Work. CDRs may be a motivating factor for participating in Ticket to Work, but these two initiatives are handled by separate staff and components within the agency.

Essentially the agency treats these two programs as completely separate, random components of the disability program. When, in fact, these are two facets of the same discussion—Is the person experiencing medical improvement and should they be able to go back to work? And would they return to work if they were provided assistance? One simple solution that should be explored is bridging this gap between CDRs and Ticket to Work. Individuals who self-identify as having medical improvement and capacity to work through the CDR data-gathering process should be connected directly to assistance through Ticket to Work. The factors that flag someone as being a good candidate for a full medical CDR, which eventually leads to termination of benefits, also indicate this person has capacity and ability to work again.

This is an important and missing element of the Social Security disability program that would follow the model that already exists in private disability insurance, where terminating benefits is a last resort, after individuals have been provided with vocational rehabilitation and employment assistance. Alignment of these two components—CDRs and TTW—would make beneficiaries aware that the program exists, that they can protect their benefits for a time while they attempt work and improve the experience for beneficiaries. For example, TTW already outlines the expectation for ENs and beneficiaries that those individuals should be making timely progress toward work goals. If beneficiaries become unresponsive or no longer engage with the EN, their Ticket can be unassigned and they would once again be eligible for the CDR process.

Many components of these programs are in place to ensure individuals engage, except for the missing link between CDRs and TTW. Aligning these two elements would encourage and prepare beneficiaries, while directly informing them of the expectation that their medical condition will improve and they can anticipate returning to work. Beneficiaries would be given the information that they can engage with Ticket to Work, or face a CDR to review their benefits for medical improvement and termination. In this way, the combined SSDI–TTW benefit will move U.S. workers forward toward a more economically viable future and this program toward its original design, ensuring more beneficiaries can achieve self-sufficiency.[6]

Opportunity 2: Aligning Versions of SSA–455 and Connecting Assistance

Related to Opportunity 1, the SSA has the opportunity for a simple form update that could result in improved employment opportunities for beneficiaries. The SSA currently uses form 455 to conduct the mailer CDR and as part of its data-gathering process for identifying beneficiaries whose claims should be terminated due to medical improvement. There are two versions of the form—hard paper mailer form and

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[3] Social Security Administration Program Operations Manual System (POMS): Frequency of Continuing Disability Reviews (CDRs), *https://secure.ssa.gov/poms.nsf/lnx/0428001020*.

[4] SSA POMS: Continuing Disability Review Cases, *https://secure.ssa.gov/poms.nsf/lnx/0428000000* | Annual Report on Medical Continuing Disability Reviews, *https://www.ssa.gov/legislation/FY%202017%20CDR%20Report.pdf*.

[5] SSA Emergency Message, 2024 Full Medical CDR Workload—One-Time-Only Instructions, *https://secure.ssa.gov/apps10/reference.nsf/links/06202024011000PM*.

[6] For more details on the proposed mechanism for aligning the CDR process with Ticket to Work, please contact Rebecca Ray, Allsup director, r.ray@allsup.com.

scannable form—and they are distinctly different in one important way. The newer "optically scannable" version has eliminated the question that states: Would you be interested in receiving rehabilitation or other services that could help you get back to work? (Question 5).[7]

This important discrepancy—and obstacle for medically improving beneficiaries—means that beneficiaries reviewing SSA–455 receive no information or exposure to the idea that they can receive assistance with returning to work. Realigning this language so that the newer version of the form continues to solicit a response about interest in returning to work, and then (as outlined in Opportunity 1) connecting these two components of the program—CDR with TTW—would connect those interested individuals with the free vocational and employment assistance they so readily wish to access. This is one measurable and simple step, that in combination with better continuity between CDRs and TTW, would begin to address the obstacles beneficiaries face with learning about and accessing free return-to-work assistance.

Additionally, to clarify this point: Beneficiaries are not provided with assistance after submitting this information to Social Security via SSA–455. Thus, in addition to aligning the form so that it correctly explains the opportunity for receiving help to beneficiaries, SSA and service providers must put a process in place that connects beneficiaries with assistance and supports (that are readily available) once they have requested help.

Opportunity 3: Emend Regulations to Reduce "Cash Cliff" Obstacle

With over 10 years' experience assisting beneficiaries with the Ticket to Work Program, including education and clarification about the incentives, understanding the rules to participate, and then embarking on the process of helping them to find and attain new employment—one of the single greatest stumbling blocks to long-term self-sufficiency they face is the "cash cliff."

As was outlined by both Associate Commissioner Wilschke and U.S. Government Accountability Office Assistant Director Erin Godtland, in their June 18, 2024, testimonies—the "cash cliff" is that turning point of working and earning income in which the beneficiary is completely cut off from receiving SSDI benefits because their earnings have hit a specific milestone level.

From our work with tens of thousands of beneficiaries to begin this return-to-work journey, this is the most frequent drop-off point for participating and continuing to elevate their work engagement. It's disheartening and disappointing for our vocational case managers when we have worked with someone for close to a year—to see them recognize that they've reached a turning point and their fear of losing access to SSDI is simply too great to keep working. As discussed, those disability beneficiaries who begin earning above substantial gainful activity (SGA) will receive no SSDI benefits in that month, when they've reached this timing in the Ticket to Work Program. Also at that time, SSA mails a strongly worded SSDI benefit termination letter that does not provide motivational language about their TTW progress and continued program protections.

As a result, it creates a significant obstacle for the beneficiary who is still relatively early in this exploration of working again, especially to the point of reaching self-sufficiency from work earnings alone. As such, we recommend and are eager to participate in additional efforts that would emend regulations that lead to the "cash cliff" and participate in testing alternative benefit models that can extend the gradual employment and departure from disability benefits. Efforts to adjust this process so that individuals may have 15 months, or possibly up to 3 years, in which to continue receiving SSDI as they move to self-sufficiency would help immensely in reducing this fear obstacle. Even private insurance carriers see the value of a model that provides some element of disability benefit, even just $100 a month, toward the end of benefits receipt. It's a process of calibrating the benefit in a way that would dramatically lessen beneficiaries' objections to working again. Of all the solutions outlined here, this is likely to require the most time, development and testing in order to identify the model of benefits step-down that would increase work engagement and reduce fears and program drop-out.

Opportunity 4: Augment Accountability With SSA Contractors

Another sizable opportunity to increase employment and minimize work obstacles is the underestimated value available between SSA and its contractors, who have agreements in place to assist beneficiaries. Augmenting the accountability of this

[7] SSA POMS, An Overview of Processing Continuing Disability Review (CDR) Mailer Forms SSA–455 and SSA–455–OCR–SM: *https://secure.ssa.gov/poms.nsf/lnx/0413004005.*

service model, so that both the SSA and contractors are effectively utilizing this service arrangement on behalf of beneficiaries, will lead to an improved process of helping beneficiaries return to work.

At a high level, this involves more communication, collaboration and problem-solving to reduce barriers to employment for beneficiaries. Tactically, this may involve technological improvements to the Ticket Portal, a review of policies that provides beneficiaries with information about benefits protections, new reporting practices that address overpayments due to earnings, and a more well-integrated outreach and educational program to ensure individuals are being supported through their progressive move away from SSDI to self-sufficiency. Expanding SSA contractors' role in wage reporting and increasing the frequency of these reports has tremendous potential to not only address the overpayments issue, but also to prevent the work-related overpayments from occurring. Along with the other cost-effective, basic solutions outlined here, this may have the greatest potential because of the value that comes with collaboration among experts in this particular field. The organizations engaged with the Social Security disability and Ticket to Work Program have a specialized level of knowledge and engagement with this federal insurance program. There is a narrow audience of providers and professionals who fully understand how this program works, and who also have the ideas to make it more successful.

Already, the SSA is incorporating more technology, a stronger study of results and orienting toward efficiencies in a new way in this administration. The prospects of making progress toward better Ticket to Work outcomes and achieving the maximum potential participation for those re-entering the workforce carries a broad array of financial benefits for individuals with disabilities, their families and the economy, as well as the continued health and solvency of the Social Security trust funds.

Economic Turning Point for Work Opportunities

We're in a remarkable new era of employment, particularly for people with disabilities. Advances in medicine and technology, as well as the long-term repercussions in our post-COVID economy—mean that individuals with disabilities have an opportunity to participate in the workforce like never before. And the evidence is demonstrating this truth, as Americans with disabilities have seen record-setting increases in employment.[8]

We've reached a turning point of absolute necessity, and in some regards, there's no return to what used to be. As the country's primary federal disability program providing insurance to 169 million U.S. workers—we have one direction forward—and that is ensuring that we continue to refine all of the existing pieces of our combined SSDI-Ticket to Work Program. We have the pieces in place to provide the platform of modern disability and workforce management. The benefits are too significant to ignore—providing a better future for individuals with disabilities, their families—and our greater workforce and economy. The necessary pieces to this puzzle exist. Our turning point has arrived, it's simply time to put all of these pieces into the right place to move this program forward. The agency's strong efforts toward results provides the foundation. When combined with the active role and availability of the Ticket Program Manager and ENs, there are enough providers to explore improved efficiency, use of technology and education to help beneficiaries make the most of this program.

Either way, SSA's rules apply to any beneficiary wanting to work. That's why earnings and overpayments are at issue. The real problem with Ticket to Work is that beneficiaries *do not know* that free assistance, guidance and resources exist. TTW exists to bridge the gap for more beneficiaries who are motivated to work, potentially taking them from fear to confidence and self-sufficiency. Contractors exist to help SSA bridge the gap for reporting earnings, overpayments and meeting the agency's requirements for individuals moving back into the workforce. Beneficiaries will use TTW when they need it and depart from it when they don't any longer. I can vouch for the fact that ENs already assume a significant level of the cost, labor and effort aimed at helping beneficiaries return to work. We can continue exploring this untapped resource, in collaboration with others providing these services, and the agency. Several hundred ENs exist, including a handful of nationally visible

[8] "Disabled Workers Saw Record Employment Gains In 2023, But Gaps Remain," February 22, 2024, *https://www.americanprogress.org/article/disabled-workers-saw-record-employment-gains-in-2023-but-gaps-remain/*.

organizations, who have decades of experience with this program and can help move Ticket to Work to into the future that American workers deserve to access.

The modernization of our economy, medicine, the use of technology—all of these things have dramatically shifted what we can expect of our workforce. There is every reason to believe that the evidence will show that work capacity and opportunities continue to grow for people with disabilities beyond the estimated 5 percent who use Ticket to Work [9] and leave the SSDI program to 10 percent, 15 percent and higher. Improved solvency and payroll taxes that come from contributing workers becomes a self-perpetuating solve, and it also advances the idea and understanding of our adaptable American workforce, how they use and access these benefits, and the design of Congress who proposed these methods for improved self-sufficiency and a blueprint that benefits the larger economy.

Our recommendations here speak specifically to our area of expertise and decades of experience with these programs. I have spent 4 decades deeply investing in these federal programs that were designed to help average American workers achieve a better life for themselves and their families. The results I have seen arrived because of hard work in collaboration with and support of our customers and engagement with the SSA. The potential for continued improvement is evident and the proposals outlined here are just the beginning of how the combined SSDI–TTW program can advance. As for AES, our involvement is directly assisting customers with Ticket to Work, which was designed to come post-intervention, after someone has experienced a disability and then has the time and medical treatment to recover, stabilize and consider returning to work. When it comes to helping individuals realize the potential of their lives, after they thought their lives might be over—the cost is worth the return on investment.

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July 2, 2024

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Senator Mike Crapo
Ranking Member
U.S. Senate
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RE: June 18, 2024 Hearing on "Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities"

Dear Chairman Wyden and Ranking Member Crapo,

Thank you for holding this hearing on the important topic of barriers to workforce participation for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries.[1]

The Arc is the largest national community-based organization advocating for people with intellectual and/or developmental disabilities (IDD) and their families. Our nearly 600 state and local chapters across the United States provide a wide range of services for people with IDD, including individual and systems advocacy, public education, family support, systems navigation, support coordination services, employment, housing, support groups, and recreation. Nearly half of all SSI child beneficiaries and around one in three adults on SSI have an intellectual or developmental disability. As a result, protecting and improving SSI and other Social Security disability benefits has been a longstanding focus of The Arc's advocacy work.

We often hear from our networks about how outdated rules and administrative burdens for both beneficiaries and employers can limit opportunities for people with

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[9] Social Security Disability: Ticket To Work Helped Some Participants, but Overpayments Increased Program Costs, U.S. Government Accountability Office, October 28, 2021, *https://www.gao.gov/products/gao-22-104031.* Excerpt: "About 5 percent of those eligible for the program participated at some point since its inception through 2018."

[1] *https://www.finance.senate.gov/hearings/work-and-social-security-disability-benefits-addressing-challenges-and-creating-opportunities*.

disabilities to work. For example, the parent of a disabled person in Texas shared how navigating these requirements pose challenges for employers:

> My adult son received Social Security benefits as a young adult. He has autism. He graduated high school and then community college, but needed these benefits while he tried to get a full-time job.
>
> Social Security's outdated rules made it almost impossible for him to do that. He worked part-time for a small, veteran-owned company for a while, but they let him go after Social Security sent the first batch of paperwork. They felt so badly, but it was just too much of a burden for them.

Multifaceted approaches are needed to modernize Social Security disability programs to increase opportunities for work, to provide support to help people with disabilities remain attached to the labor force, and to deliver the training, services, and supports that people with disabilities may need to return to work. Our comments will focus on three key issues highlighted in the hearing, including: (1) restrictions on work-related income faced by Disabled Adult Child (DAC) beneficiaries; (2) the SSI program's grievously outdated asset limits, income limits and earned-income disregards; and (3) the impact of overpayments on both SSI and SSDI beneficiaries. We are grateful for the substantial bipartisan attention and action that members of the Senate Finance Committee have undertaken this Congress to address each of these issues. We also commend the steps that the Social Security Administration (SSA) has taken this year to reduce the burden of overpayments on beneficiaries. Advancing the SSA's important work in this and other critical activities geared towards improving services for millions of Social Security beneficiaries will require sustained and increased administrative funding in the FY 2025 budget.

1. Eliminate Harsh Work Disincentives Impacting Disabled Adult Child (DAC) Beneficiaries

Around 1.1 million Americans with disabilities rely on "Disabled Adult Child" (DAC) benefits for their basic needs and access to critical health services. DAC provides a monthly stipend and eligibility for Medicare. These crucial benefits allow people whose disabilities onset before age 22 to claim benefits on a parent's record—allowing parents to continue to support their children with disabilities even after retirement, disability, or death. Unfortunately, navigating the program and its rules is extremely complex for people with disabilities and their families.

As Chairman Wyden mentioned in his remarks, DAC beneficiaries are subject to a strict and punitive restriction on the amount of earnings from work they can make each month. If a DAC beneficiary has countable earnings of even one dollar over the substantial gainful activity (SGA) level ($1,550 a month in 2024) before receiving DAC benefits, they lose their eligibility for DAC benefits forever.[2] This creates a harsh disincentive to work for young adults with disabilities, who may want to try and work, but who cannot risk losing these benefits. There are many circumstances in which a young person with a disability might be able to earn over SGA for a short period of time or a few times, but is unable to sustain that level of work in the long run. Families worry that the wrong amount of work will cause their family member to lose eligibility DAC benefits and this fear may discourage young adults with disabilities from working at all, or to their full potential.

The Arc strongly supports the bipartisan Work Without Worry Act (S. 2196), co-led by Chairman Wyden and Senator Cassidy. The Work Without Worry Act would eliminate this work disincentive by allowing young adults with disabilities to work and see if they can support themselves without losing eligibility for DAC benefits. Earnings from work over SGA will not prevent the individual from receiving DAC benefits from their parent's work history as long as the individual remains disabled by the same impairment from before age 22 and meets other eligibility conditions for benefits. The benefit amount will be either the benefit from the individual's parents or the benefit from the individual's own work history, whichever is higher.

We agree with Chairman Wyden's statement during the hearing that this policy change is "a no-brainer that will be life-changing for thousands of Americans who want to participate in the workforce but don't, out of fear that federal rules could hurt their ability to be financially secure in the future."[3] We look forward to continuing our work with your office to advance this legislation.

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[2] *https://www.ssa.gov/oact/cola/sga.html.*
[3] *https://www.finance.senate.gov/imo/media/doc/0618_wyden_statement.pdf.*

2. Remove Barriers to Work Related to SSI by Modernizing Asset and Income Limits

SSI provides an extremely modest cash benefit for low-income individuals with disabilities and older adults that meet the program's strict means-tested criteria. Around 7.6 million people rely on SSI to meet basic needs for food, clothing, and shelter—including 4.3 million working-age individuals with disabilities, 1 million children with disabilities, and 2.3 million older adults.[4] But the program's asset and income limits trap people in poverty, punish them for getting married, create barriers to work, and constrain their financial independence.

The Arc appreciates the solution-oriented discussion during the hearing on how updating the SSI asset limit would empower people with disabilities to save earnings from paid work and pursue their career goals. As Senator Brown noted in his remarks, SSI's strict asset limits haven't been updated in nearly 40 years. An individual on SSI is not allowed to have more than $2,000 in total financial resources at any time. Married couples are only allowed $3,000. Resources that count towards the SSI asset limit include cash, money in bank accounts, most retirement accounts, stocks and bonds, the value of whole life insurance policies and burial funds over $1,500, and some personal property. JP Morgan Chase recently noted that SSI's outdated asset limit makes it difficult for SSI beneficiaries to achieve any measure of economic security and called for it to be modernized.[5]

Because they were never indexed to inflation, these limits have lost nearly all their value over the decades and have become a significant barrier to workforce participation.[6] Many individuals who receive SSI want to work and do in fact work. But the extremely low asset limit prevents people from saving money from paid work for fear that they could be kicked off of SSI if they save over $2,000. The fear of disqualification is justified—tens of thousands of recipients see their benefits suspended or permanently revoked each year for exceeding the asset cap. The sibling of a person with a developmental disability in Texas recently sent a message to The Arc about how outdated SSI rules limit the number of hours her brother can work:

> My developmentally disabled brother has a job . . . that he **adores**, but though he wants to work more, we have to keep his hours limited so he can continue to receive benefits. He doesn't make enough money to live off of, but loves the time to socialize and contribute to society.

The bipartisan SSI Savings Penalty Elimination Act (S. 2767) led by Senators Brown and Cassidy would significantly improve the lives of SSI beneficiaries by raising the asset limit to $10,000 per individual and $20,000 per married couple. The legislation also adjusts that number for inflation every year. The Arc strongly supports this legislation and joined a joint letter of endorsement from over 370 disability advocacy organizations.[7] We look forward to continuing our work with your offices to advance this legislation.

Another outdated SSI rule mentioned during the hearing that poses a significant barrier to work for beneficiaries is known as "earned income disregards"—which have been frozen in time for nearly 5 decades. As a CBPP report notes,

> SSA [exempts (or "disregards")] the first $65 per month of earnings; each $1 of earnings above that level reduces SSI benefits by 50 cents. These rules begin to reduce benefits even when a recipient's income is well below the poverty line. The amount of income that SSA disregards when calculating SSI benefits has not changed, even to account for inflation, since 1972. That has increasingly eroded the inflation-adjusted value of benefits for SSI recipients who work or receive Social Security or other income. For SSI beneficiaries who can work, the stringent disregard for earned income significantly diminishes any incentive to work. The dollar-for-dollar benefits reduction for non-wage income above $20 does little to reward those who receive Social Security based on their past work, since the combined benefits that they receive are little different than the benefits received by those with no work history.[8]

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[4] *https://www.ssa.gov/policy/docs/statcomps/ssi_monthly/index.html.*

[5] *https://www.jpmorganchase.com/news-stories/expanding-economic-opportunities-and-mobility-for-people-with-disabilities.*

[6] *https://www.cbpp.org/research/social-security/the-case-for-updating-ssi-asset-limits.*

[7] *https://thearc.org/wp-content/uploads/2023/09/SSI-SPEA_Letter-of-support_2023_Final.pdf.*

[8] *https://www.cbpp.org/research/social-security/policymakers-should-expand-and-simplify-supplemental-security-income.*

The Arc recently received a message from a disabled self-advocate living in Washington State expressing how the rising cost of living has made SSI's income limits and earned-income disregards especially difficult to navigate:

> I am a member of The Arc and a person with a disability. . . . I am working in a job that I am very passionate about. I constantly worry about going over income/work hours, and I do not want to lose my much-needed Medicaid benefits. The cost of living is much higher today and it gets more difficult to make ends meet than it ever has been. Please consider raising our income limits **now.**

Urgent action is needed to update SSI's income limits and disregards to relieve people with disabilities from harsh work penalties. In addition to increasing the disregards, they should also be indexed to inflation going forward or indexed with wages to keep up with rising living standards. We look forward to working with your offices to address this issue.

3. Update Overpayment Policy to Encourage Work

We appreciate the bipartisan discussion on work-related overpayments during this hearing and your attention to this issue this Congress. As Susan Wilschke, SSA's Associate Commissioner of the Office of Research, Demonstration, and Employment Support stated in her testimony, "[m]ultiple 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."[9] SSI and SSDI beneficiaries may also be wary of attempting a return to work out of fear that this may give rise to an overpayment when reported earnings are not properly recorded or monthly overpayments are not properly and promptly adjusted.

The Arc broadly supports the important steps that SSA Commissioner O'Malley and SSA staff have taken this year to reduce the frequency and financial burden of overpayments for beneficiaries.

A key driver of overpayments for SSI beneficiaries discussed during the hearing is the SSA asset limit. Susan Wilsche confirmed that the SSA has identified going over the SSI asset limit as the number one cause of overpayment.

The Arc regularly receives messages from our networks about how administrative challenges and SSI's low asset limit contribute to overpayments and undermine beneficiaries' financial security. For example, a parent in Ohio recently shared with us how the combination of SSI's asset limits, income limits, and overpayments effectively punish her daughter for working:

> My daughter was penalized [through] Social Security and has to pay $14,000 back to Social Security. This is because [Social Security] counted my work checking/savings account and her sister's little bit of money she has in her own account while working and going to college. My daughter has money deducted from her [Social Security] payment each month to pay it back and continually has to pay money back if [SSA] deems she is paid too much in her $163 bi-weekly paycheck from her part time job! She will never be able to afford to live on her own or own anything she dreams of owning because of [these] limits. She can't even save for an item, need, or want because of the [asset] limit. Please stop penalizing her and so many thousands who are trying to better themselves and work.

The Arc strongly supports the SSI Savings Penalty Elimination Act because it would support the participation of SSI beneficiaries in the workplace, and give them the freedom to build a more secure financial future for themselves.

4. SSA Needs Sufficient Administrative Funding to Improve Customer Service

The Social Security Administration is serving more customers than ever before with fewer staff than it has had in 27 years. Its administrative budget has been cut by 20 percent over the past 9 years, and currently stands at less than 1 percent of benefits paid. By contrast, private insurance companies operate on well more than 10 percent of overhead compared to outlays. Until 2018, SSA operated on a budget of 1.2 percent of benefits paid, and its customer service and employee satisfaction were among the best of federal agencies. The subsequent decline in both of those measures closely tracks the decline in spending authority as a percentage of benefits paid.

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[9] *https://www.finance.senate.gov/imo/media/doc/0618_wilschke_testimony.pdf.*

SSA already is making progress in reducing wait times and streamlining administrative processes. But continued progress will depend on Congress fully funding the President's request for FY 2025, and on restoring SSA's administrative budget to 1.2 percent of benefits paid in future years. We agree with Susan Wilschke's comment in her testimony that, "[w]hile 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."[10]

The Arc urges Congress to fully fund the $15.4 billion requested by the President for SSA in FY 2025 in order to give SSA the tools it needs to strengthen services and reduce excessive delays faced every day by Americans who are trying to access the benefits they have earned.[11]

Conclusion

The Arc supports new legislative and regulatory proposals that could increase employment opportunities for individuals with disabilities who receive Social Security disability benefits. We believe that any efforts to change SSDI and SSI must protect and expand these programs' effectiveness, as well as protect access to Medicare and Medicaid.

Thank you for your efforts on behalf of Social Security disability beneficiaries and the millions of others who interact with SSA. We stand ready to work with you, other members of Congress, and the SSA to improve services to the public.

Sincerely,

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Statement of Michael Bindner

Chairman Wyden and Ranking Member Crapo, thank you for the opportunity to submit comments to the Committee, which are similar to those provided to the Ways and Means Subcommittee on Social Security from 2023 for their hearing on the state of the Trust Fund.

The Social Security program, as is, needs few changes to retain solvency. The proposed Social Security 2100 Act offers moderate improvements. Most families need more than this.

Social services in the United States need a major overhaul. This especially includes Disability Insurance and Supplemental Security Insurance. The categorical grant approach reinforced a provincial view of federalism; one which created regional economies, especially in the South, with a barely hidden racist intent. The result of these policies has been to keep the region in a state of sustained poverty. Alabama Wealthy is not wealthy in the larger economy. This wound was self-inflicted.

Family incomes must be guaranteed, although not with a one size fits all subsidy. Our proposal has three components; two of which should be familiar to the Committee:

1. An increase in the minimum wage to at least $11 per hour (if not more to account for pandemic inflation), with a $12 wage for a shorter work week. This distributes the burden of higher wages for less work with employees and employers.
2. Increase the Child Tax Credit to levels passed by the House, with increases to at least twice that in fairly short order.
3. Replace the current menu of social programs with long-term unemployment insurance at below minimum wage levels, which would be supplemented with ad-

[10] *https://www.finance.senate.gov/imo/media/doc/0618_wilschke_testimony.pdf.*
[11] *https://www.c-c-d.org/fichiers/CCD-SSTF_FY25-SSA-Funding_4.26.24.pdf.*

ditional funding for participation in basic education (especially for ex-offenders), employment training, psychiatric or addiction rehabilitation programs. Old-Age, Survivors and Disability Insurance would start with this amount as a minimum, with higher benefit levels based on employment history. Dependent payments would be made through the Child Tax Credit once it has been increased to current survivor benefit levels.

4. Long term unemployment insurance would be awarded on a no fault basis, ending the need for eligibility investigations beyond verification of identity and for punitive disciplinary systems by employers designed to avoid paying benefits. This payment, which would be indexed for inflation, would be $10 per hour for a 28-hour week, would be tax-free and funded by a national goods and services tax. States could enact higher benefit levels funded by a local GST.
5. Most, if not all, anti-poverty programs would be discontinued, although programs to increase rental housing supplies would be expanded.

Please see the attachments for more information on the conforming changes to tax policy.

Taken together, these reforms will remove the punitive features from anti-poverty programs, especially those which require an excess of red tape to participate—especially the Earned Income Tax Credit and Supplemental Security Income.

By basing benefits on long-term unemployment insurance, the period of precarity applicants face while applying for benefits is ended. This experience colors both the desire to return to work and the need to justify continued benefits.

Returning to work also has a psychic cost. Participation in psychiatric rehabilitation programs on a longer-term basis than Medicaid Eligibility, as well as educational benefits, will mitigate these fears.

Thank you for the opportunity to address the committee. We are, of course, available for direct testimony or to answer questions by members and staff.

Attachment—Tax Reforms

We offer two reform proposals in our comprehensive tax reform plan that will provide for a more equal distribution of Social Security benefits for the future, although if these proposals would make some current beneficiaries better off, they should be applied to them retroactively.

The problems with the current system are that the poor do not get enough and the rich get too much, although in the end, due to bend points, the rich only get what they put in, which drives the demand for personal accounts.

One oft-cited reform is means-testing. This will only make the call for personal accounts louder. The alternative to means testing is to lower the ceiling of the employee contribution. This seems counter-intuitive—but this is only the case if the employer and employee matches are equal. They need not be. Employer contributions need not be capped, nor should they be tied to income earned. Rather, they should be credited equally. Here are the details:

Individual payroll taxes. A floor of $20,000 would be instituted for paying these taxes, with a ceiling of $75,000. This lower ceiling reduces the amount of benefits received in retirement for higher income individuals. The logic of the $20,000 floor reflects full time work at a $10 per hour minimum wage offered by the Republican caucus in response to proposals for a $15 wage. The majority needs to take the deal. Doing so in relation to a floor on contributions makes adopting the minimum wage germane in the Senate for purposes of Reconciliation. The rate would be set at 6.25 percent.

Employer payroll taxes. Unless taxes are diverted to a personal retirement account holding voting and preferred stock in the employer, the employer levy would be replaced by a goods and receipts tax of 6.25 percent. Every worker who meets a minimum hour threshold would be credited for having paid into the system, regardless of wage level. All employees would be credited on an equal dollar basis, rather than as a match to their individual payroll tax. The tax rate would be adjusted to assure adequacy of benefits for all program beneficiaries.

If these options are adopted, the impetus to establish personal accounts largely goes away. Ironically, a more equal distribution on the side of accumulation would make personal accounts workable. Initially, the employer match would be replaced with a broad based VAT, as above. In time, as employee ownership of the workplace evolves (and it must), funding with a goods and services tax would be replaced with

funding with an employer-paid subtraction value-added tax. Such a change would nearly be price neutral, although exporters would pay more while importers pay less.

Personal accounts for employee-owners could not be enacted now—as there are simply not enough such firms for this reform to make a difference. That this sector should be expanded is the difference between a widening income divide in the American economy and a more cooperative and democratic economic future.

A different form of tax reform is necessary to do this—one that involves a tax cut. Currently, when creating employee stock ownership programs, the founder sells his stock to an ESOP trust fund and gets a tax premium due to the fact that capital gains taxes are not levied on such a sale. Giving shareholders in public companies the same benefit—in other words—a tax cut, will provide the incentives needed to jump start the employee-owned economy.

A further tax reform will facilitate this transition: fully end the "Death Tax" and capital gains taxes (both long and short term) and replace them with an asset value-added tax, which is described in the attachment.

Increasing Incomes

The current "school solution" to increase savings to supplement Social Security, as found in Social Security 2100, is obscene. Those who can save, already do. Most cannot do so and giving them tax incentives, even with automatic contributions, highlights the inadequacy of the wages in the vast majority of households.

There are two reasons for this. The first is that the minimum wage has not increased in decades and the tipped wage is not a wage at all, especially when low tipping is not offset by higher wages, as required by law but never enforced (or paid). To restore the value of the minimum wage to the level it would have been had it been indexed to inflation would require an increase (and I mean an immediate increase) to $10 per hour. This was the counter-offer the Senate Minority made to counter a $15 wage increase until the Senate Parliamentarian ruled that such a reform was not germane in Reconciliation. The Majority Leaders should have taken the deal.

A $12 wage would restore the balance to 1965 levels, which is when the Kennedy-Johnson tax cuts took effect and compensation and productivity were decoupled. An $11 per hour wage with a decrease in full-time hours to 32 per week would have the same impact for workers.

A $15 wage—which is an old number—was meant to be a family wage—and would be $18 to have the desired effect. The other option, one proposed in the President's budget, is to increase the Child Tax Credit to pandemic recovery levels (including making it fully refundable), although I would start the phase out at the $85,000 income level, with no credit for households earning over $150,000. The amount of the credit should also be increased with time to $1,000 per month, per child and then indexed for inflation.

The second reason wages are inadequate is the way inflation adjustments are made—which is as an equal percentage increase to all employees or beneficiaries rather than an equal dollar increase. This was an innocent mistake until tax rates were cut on the CEO class. When the government stopped taxing away increased compensation for business owners and executives who cut labor costs, a minor math mistake turned into class warfare from above. It is time to fix this.

Adjusting the minimum wage does not affect the median dollar in the economy, which is earned at the 19th percentile of households. This has been the case for decades, and it is why anyone below that level has LOST VALUE to inflation.

The federal government plays an outsized role in how salaries are determined through percentage based cost of living adjustments to government workers, beneficiaries, government contractors. The government can change this with the stroke of a pen.

From here on in, adjust for cost of living on a per dollar an hour rather than on a percentage basis (or dollars per month or week for federal beneficiaries). Calculate the dollar amount based on inflation at the median income level. No one gets more dollars an hour raise, no one gets less dollars per hour in increases. Increase the minimum wage as above and consider decreasing high end salaries paid to government employees and contractors. Even without decreases, simply equalizing raises will soon reduce inequality. Why is this necessary?

Let me emphasize: prices chase the median dollar. The median dollar of income is actually at the 90th percentile, rather than the 77th percentile (which is about where the median is). This strategy will reduce inflation in both the long and short terms as prices adjust to decreases in higher-salaried income.

Asset VAT—The President's Fiscal Year 2023 Budget, June 7, 2022

There are two debates in tax policy: how we tax salaries and how we tax assets (returns, gains and inheritances). Shoving too much into the Personal Income Tax mainly benefits the wealthy because it subsidizes losses by allowing investors to not pay tax on higher salaries with malice aforethought.

Asset Value-Added Tax (A–VAT) is a replacement for capital gains taxes and the estate tax. It will apply to asset sales, exercised options, inherited and gifted assets and the profits from short sales. Tax payments for option exercises, IPOs, inherited, gifted and donated assets will be marked to market, with prior tax payments for that asset eliminated so that the seller gets no benefit from them. In this perspective, it is the owner's increase in value that is taxed.

As with any sale of liquid or real assets, sales to a qualified broad-based Employee Stock Ownership Plan will be tax-free. This change would be counted as a tax cut, giving investors in public stock who make such sales the same tax benefit as those who sell private stock.

This tax will end Tax Gap issues owed by high-income individuals. The base 20 percent capital gains tax has been in place for decades. The current 23.8-percent rate includes the ACA–SM surtax), while the Biden proposal accepted by Senator Sinema is 28.8 percent. Our proposed Subtraction VAT would eliminate the 3.8-percent surtax. This would leave a 25-percent rate in place.

Settling on a bipartisan 22.5-percent rate (give or take 0.5 percent) should be bipartisan and carried over from the capital gains tax to the asset VAT.A single rate also stops gaming forms of ownership. Lower rates are not as regressive as they seem. Only the wealthy have capital gains in any significant amount. The de facto rate for everyone else is zero.

With tax subsidies for families shifted to an employer-based subtraction VAT, and creation of an asset VAT, taxes on salaries could be filed by employers without most employees having to file an individual return. It is time to **tax transactions, not people!**

The tax rate on capital gains is seen as unfair because it is lower than the rate for labor. This is technically true, however it is only the richest taxpayers who face a marginal rate problem. For most households, the marginal rate for wages is less than that for capital gains. Higher-income workers are, as the saying goes, crying all the way to the bank.

In late 2017, tax rates for corporations and pass-through income were reduced, generally, to capital gains and capital income levels. This is only fair and may or may not be just. The field of battle has narrowed between the parties. The current marginal and capital rates are seeking a center point. It is almost as if the recent tax law was based on negotiations, even as arguments flared publicly. Of course, that would never happen in Washington. Never, ever.

Compromise on rates makes compromise on form possible. If the Affordable Care Act non-wage tax provisions are repealed, a rate of 26 percent is a good stopping point for pass-through, corporate, capital gains and capital income.

A single rate also makes conversion from self-reporting to automatic collection through an asset value-added tax levied at point of sale or distribution possible. This would be both just and fair, although absolute fairness is absolute unfairness to tax lawyers because there would be little room to argue about what is due and when.

Ending the machinery of self-reporting also puts an end to the Quixotic campaign to enact a wealth tax. To replace revenue loss due to the ending of the personal income tax (for all but the wealthiest workers and celebrities), enact a Goods and Services Tax. A GST is inescapable. Those escapees who are of most concern are not waiters or those who receive refundable tax subsidies. It is those who use tax loopholes and borrowing against their paper wealth to avoid paying taxes.

For example, if an unnamed billionaire or billionaires borrow against their wealth to go into space, creating such assets would be taxable under a GST or an asset VAT. When the Masters of the Universe on Wall Street borrow against their assets

to avoid taxation, having to pay a consumption tax on their spending ends the tax advantage of gaming the system.

This also applies to inheritors. No "Death Tax" is necessary beyond marking the sale of inherited assets to market value (with sales to qualified ESOPs tax free). Those who inherit large cash fortunes will pay the GST when they spend the money or Asset VAT when they invest it. No special estate tax is required and no life insurance policy or retirement account inheritance rules will be of any use in tax avoidance.

Tax avoidance is a myth sold by insurance and investment brokers. In reality, explicit and implicit value-added taxes are already in force. Individuals and firms that collect retail sales taxes receive a rebate for taxes paid in their federal income taxes. This is an intergovernmental VAT. Tax withheld by employers for the income and payroll taxes of their labor force is an implicit VAT. A goods and services tax simply makes these taxes visible.

Should the tax reform proposed here pass, there is no need for an IRS to exist, save to do data matching integrity. States and the Customs Service would collect credit invoice taxes, states would collect subtraction VAT, the SEC would collect the asset VAT and the Bureau of the Public Debt would collect income taxes or sell tax-prepayment bonds.

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Statement of Claire Grandison, Supervising Attorney

Chairman Wyden, Ranking Member Crapo, and Members of the Committee, my name is Claire Grandison, and I am submitting these comments on behalf of the Supplemental Security Income (SSI) Unit of Community Legal Services of Philadelphia (CLS). For nearly 60 years, CLS has assisted clients at every stage of the SSI application process, from initial applications to representation in appeals before the Pennsylvania Bureau of Disability Determination, the Social Security Office of Hearing Operations, and in federal court. More broadly, CLS advocates for policy changes within both Social Security and SSI programs, including by convening two national advocacy workgroups.

The Social Security Administration (SSA) provides vital income and health insurance benefits to millions of seniors and people with severe disabilities. While the vast majority of beneficiaries are unable to work due to their disabilities, SSA's work incentives have the potential to support those who are able to return to work. However, the complexity of SSA's rules combined with the serious consequences arising from the loss of benefits often cause confusion, stress, and disincentives to work. To reduce burdens on SSA staff and beneficiaries alike, SSA's rules should be simplified and modernized to (1) eliminate benefits cliffs and align program rules across disability programs to reduce confusion, (2) modernize income rules to reduce overpayments and work disincentives, (3) improve work incentives like the Student Earned Income Exclusion and Section 301 to increase participation, and (4) improve wage reporting to reduce burdens and overpayments. Before I explain these points, I would like to share the following story from a former CLS employee and concurrent SSI/SSDI beneficiary Lexi about her challenges working while receiving benefits:

> I was eligible for both SSDI and SSI, now I'm only receiving SSDI. My SSI is suspended, and it has been frustrating and overwhelming to try to understand the two different programs and how I am supposed to report my income. Although I have a serious disability that prevents me from working full time, I have worked part-time for a few different organizations to advocate for improvements to the foster care, juvenile justice and Social Security systems so that other people in my same situation can have a better experience than me. One of my jobs was with Community Legal Services of Philadelphia, where they tried to help me navigate the different rules for SSDI and SSI and how to deal with overpayments. Even with the help of a lawyer, it was really hard to know how increasing my hours might affect my benefits because I had to keep track of so many different rules like a Trial Work Period, Substantial Gainful Activity, and SSI benefit reductions based

on my income. It is scary and frustrating/overwhelming trying to work without really knowing how it could impact my main source of income and health insurance.

I also had a lot of problems reporting my wages. First, I had two different part-time jobs, and the wage reporting app only let me report income from one job, so I could not figure out how to report income from both of my jobs. After figuring it out and reporting my wages correctly for 2 months after they changed the app, I ended up having to fax or drop off my pay stubs to Social Security every month, but it seemed like they got lost or ignored a lot of the time. Plus they are very frustrating because they calculate them like 2 months behind.

Second, I get paid as an independent contractor, and I keep getting different information about how I am supposed to report my income. For SSI they tell me to report it monthly in the app, but then I have problems with the app. For SSDI they tell me I can't use the app and I should report my income annually, but if I wait to report my income then my payments are incorrect. When I report my income one way for one program it seems like I'm always doing it wrong for the other program.

Finally, even when I report my wages every month, I keep getting overpayment notices. Now they are telling me because I'm an "independent contractor" I don't have to report my wages every month, just to do my taxes, and then give them a copy every year so they can calculate them correctly, and that is new information to me. It is so frustrating and overwhelming to get these notices because nothing I do seems to make them stop. My benefits get reduced when I get an overpayment, which makes it really hard to budget accurately. It's already really difficult to pay all of my bills for rent, utilities, food, personal items and transportation on the limited income I have, and now I have a baby so it's even harder, and any reduction in my benefits makes me scared I won't be able to pay my bills.

1. Eliminate Benefits Cliffs and Simplify Income Counting and Work Incentive Rules

Social Security benefits provide vital, life-saving cash and health benefits. The loss of Social Security benefits can cause a domino effect that knocks down the fundamental, foundational elements of a person's life: housing and food security, family stability, access to health care, and even life. No one should be faced with the total and complete loss of these supports from one day to the next. Given the high stakes, it is understandable that the threat of losing access to cash and health benefits is one of the key disincentives to work for Social Security beneficiaries.[1]

To ease the fear of losing these vital supports, benefits cliffs should be abolished. Income counting and work incentive rules can also be simplified to enhance transparency around which work-related activity would lead to a reduction or termination of benefits. A more gradual and transparent approach to benefits reductions and terminations will allow people to adjust their circumstances and plan without finding themselves in a crisis. These goals can be accomplished by (1) aligning income counting and work incentive rules in SSA's disability programs, (2) adopting a tiered earnings structure to eliminate the SSDI benefits cliff, and (3) passing the Work Without Worry bill to eliminate life-long penalties for working.

A. Align Income Counting and Work Incentive Rules

SSA should simplify its programs and reduce confusion by aligning income counting and work incentive rules for the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs.[2] To understand current rules, a beneficiary must first know which disability benefit type they receive, a distinction that can be difficult to ascertain in such complex programs. A beneficiary must then understand which income counting and work incentive rules apply to each program. Many beneficiaries receive well-intentioned advice from family members, neighbors, and even supportive services about how work will impact their benefits, only to

[1] Godtland, Erin M., GAO, "SSA Disability Programs: Work Incentive and Modernization Challenges Remain," at 2 (June 18, 2024). Available at: *https://www.finance.senate.gov/imo/media/doc/0618_godtland_testimony.pdf.*

[2] Zuleger, Katherine, NCSSMA, "Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities," at 8 (June 18, 2024). Available at *https://www.finance.senate.gov/imo/media/doc/0618_zuleger_testimony.pdf.*

learn that the rules they heard about do not apply to their benefit type. For concurrent beneficiaries who receive both SSDI and SSI, they must understand and comply with both programs' rules. This can be frustrating, overwhelming, and terrifying, as concurrent beneficiary Lexi shared in her story above.

B. Eliminate the Benefits Cliff by Adopting a Tiered Earnings Structure

To achieve both program simplification and eliminate benefits cliffs, SSA should adopt a tiered earnings structure for both SSDI and SSI recipients.[3] The current income counting and work incentive rules for SSDI and SSI have pros and cons, but neither program presents a perfect solution. SSDI beneficiaries who work above a certain level face an abrupt and total loss of benefits. SSI recipients who work must report income monthly so their benefits can be reduced in line with earnings, and are often caught in cycles of overpayments due to problems with wage reporting. The Social Security Advisory Board noted that the SSI "one-for-two benefit reduction . . . is quite a strong work disincentive for those for whom it applies. It implies a 50 percent marginal tax rate on earnings—a tax rate much higher than the marginal income tax rate on people who do not receive SSI."[4] A tiered earnings structure offers a reasonable middle ground that would address many of the downsides of the current rules while also achieving uniformity across programs to make it easier for SSA to administer and beneficiaries to understand.

C. Pass the Work Without Worry Bill

Congress can support the simplification of SSA's rules by passing commonsense legislation such as the Work Without Worry Bill. Currently, beneficiaries with a disability that started before age 22 may qualify for Disabled Adult Child ("DAC") benefits, also known as Child Disability Benefits, based on a parent or guardian's work record. However, working above a certain level can make them ineligible for DAC benefits, even if they are not working at the time they apply for disability benefits. This potentially life-long penalty creates a significant work disincentive that Congress has the power to remedy.

2. Modernize Income Rules to Reduce Overpayments and Work Disincentives

Overpayments, and the threat of overpayment, are another powerful work disincentive. Overpayments occur for many reasons, including a failure to timely report income or other changes, exceeding the SSI resource limit, or working above the Substantial Gainful Activity (SGA) level. Overpayments also frequently occur because SSA did not timely process the information reported—which is completely outside the beneficiary's control. Overpayments remain widespread in part because Social Security's income and asset rules are outdated. Several simple updates could reduce overpayments and reduce work disincentives.

A. Increase Substantial Gainful Activity and Trial Work Period Amounts

Working and earning above the SGA limit can cause overpayments and abrupt benefit terminations. Overpayments cause significant distress for beneficiaries. Overpayments are also very challenging for SSA to administer. The SGA amount increases annually in accordance with the national average wage index, but the SGA amount is only approximately 25 percent of the national average wage,[5] so any increases in the SGA amount still fall far below average wages. Furthermore, wages vary widely by state and industry, and the low SGA amount of $1,550 as of 2024 impacts beneficiaries in different regions unevenly, leaving little room for error in many areas. The earnings amount that triggers the SSDI trial work period is even lower, just $1,110 as of 2024. Increasing the SGA and trial work period amounts would allow beneficiaries to attempt work without the stress of counting every penny earned, while also easing the burden on SSA staff.

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[3] Morton, William, CRS, "Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities," at 10 (June 18, 2024). Available at *https://www.finance.senate.gov/imo/media/doc/0618_morton_testimony.pdf*. (Citing SSA, Justification of Estimates for Appropriations Committees, Fiscal Year 2021, February 10, 2020, p. 23, *https://www.ssa.gov/budget/*).

[4] Social Security Advisory Board, "Work Incentives and Work Supports in the SSI Program," at 8 (July 2017). Available at: *https://www.ssa.gov/oact/ssir/SSI17/SSAB_Statement.pdf*.

[5] The national average wage for 2022, the most recent year reported, was $63,795.13 annually. The 2022 SGA amount in 2022 was $1,350 monthly, or $16,200 annually. *https://www.ssa.gov/oact/cola/sga.html*.

B. Modernize the SSI Resource Limit

Second, the SSI resource limit has been neglected for decades, and must be increased and indexed to inflation to reduce overpayments caused when a beneficiary saves even slightly more than the woefully outdated SSI resource limit of $2,000 for an individual or $3,000 for a married couple. The outdated resource limit is difficult for SSA to administer and burdensome for applicants and beneficiaries.

If the rules governing assets were modernized, SSI would have fewer errors and be less burdensome for both beneficiaries and administrators. SSI benefits make up only 5 percent of SSA payments, but the program requires 35 percent of the agency's budget to administer.[6] In contrast, SSA spends 19 percent of its budget to administer Social Security Disability Insurance, even though it has nearly 1.4 million more beneficiaries than SSI.[7]

The SSI resource limit punishes beneficiaries for even modest savings. For example, CLS client Karen Williams purchased a modest life insurance policy so that her family would not be burdened by her funeral expenses. She did not realize that her policy had a small cash value of $1,900, which placed her just $160 over SSA's $2,000 resource limit when considered with modest savings in her bank account. She was shocked to receive an overpayment notice for more than $20,000 and to learn she was completely ineligible for SSI benefits if she remained even a few dollars over the resource limit.[8] Ms. Williams' situation is unfortunately very common within our client population. SSI beneficiaries have no ability to save for emergencies or create even a small buffer for future needs.

3. Improve Work Incentives to Increase Participation

SSA can also encourage work by simplifying and improving certain work incentives that are difficult to understand, qualify for, and administer. I would like to highlight two programs that could be greatly simplified and made more accessible with a few simple changes: the Student Earned Income Exclusion and Section 301.

A. Improve the Student Earned Income Exclusion

The Student Earned Income Exclusion (SEIE) allows students who are under the age of 22 and regularly attending school to keep all earnings up to certain monthly and annual caps that are tied to inflation. In 2024 these caps totaled $2,290 (monthly) and $9,230 (annually). This rule has potential to help young people gain work experience early on and make future employment more accessible. However, the SEIE is difficult to administer and understand for beneficiaries and SSA staff alike. The Social Security Advisory Board stated that SEIE participation would ideally "pay off in the form of self-sufficiency down the line," but noted there is no annual reporting about SEIE participation and the program could benefit from further evaluation.[9]

Take, for example, J.M., who was a high school student with an Individualized Education Program (IEP). He completed 11th grade when he was 18 years old and planned to return to high school for his senior year. With support from his school, he secured a summer job. A few months later, when he was back in school, he received an overpayment notice. SSA wrote in the notice that he was being charged an overpayment based on his earnings, and specifically stated that he was not a student. J.M. was confused, so he and his representative payee went to SSA to clarify that he was still a student. They were informed that because he was not in school over the summer, the SEIE did not apply to him, which is incorrect.

J.M. went on to get a part-time job after school during his senior year. When he reported these wages to SSA, he again received an overpayment notice. SSA had not applied the SEIE because they thought he was not in school anymore. Even though he was 19 years old, he had not completed high school, and he even had a right to stay in school until age 21 under his IEP. I reached out to his school to get proof he was still currently enrolled as a full-time student and submitted it to SSA. Misunderstandings about the applicability of the SEIE combined with the need

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[6] Romig, Kathleen, Luis Nuñez, and Arloc Sherman, CBPP, The Case for Updating SSI Asset Limits (September 20, 2023). *https://www.cbpp.org/research/social-security/the-case-for-updating-ssi-asset-limits.*

[7] *Id.*

[8] Shapiro, Joseph, NPR, Supplemental Security Income rules can limit the people the program is meant to help (June 5, 2024). Available at: *https://www.npr.org/2024/06/05/nx-s1-4665841/supplemental-security-income-rules-can-limit-the-people-the-program-is-meant-to-help*.

[9] Social Security Advisory Board, "Work Incentives and Work Supports in the SSI Program," at 9 (July 2017). Available at: *https://www.ssa.gov/oact/ssir/SSI17/SSAB_Statement.pdf*.

to prove student status made a relatively straightforward work incentive complicated to implement, even with the help of a lawyer. I believe many unrepresented claimants who are entitled to benefit from this work incentive simply do not.

There are several possible ways to simplify the SEIE, but the most straightforward approach is to tie eligibility to age rather than student status. The SEIE should apply to anyone age 26 or younger under the same theory that opening doors to work experience for young adults will pave the way for employment opportunities throughout their lifetime. This simplification would relieve SSA of a significant administrative burden by eliminating the need to reach out to and wait for responses from overburdened school systems since SSA already has information about the age of beneficiaries. Tying eligibility to age rather than student status would also increase accuracy in applying this work incentive to all eligible beneficiaries. This simplification would also reduce the burden on beneficiaries to correct errors about student status if they are fortunate enough to be aware of this work incentive, and would eliminate misunderstandings about student status during school vacations.

B. Improve Section 301

Section 301 is another SSA work incentive that has enormous potential to avoid an abrupt and total loss of benefits while simultaneously supporting the development of work-related skills, but Section is barely used or even understood. Under Section 301, SSI or SSDI beneficiaries who undergo a continuing disability review (CDR) or age-18 redetermination may continue receiving their benefits even if they are found no longer disabled, so long as they are participating in an appropriate education, training, or employment program. Section 301 is intended to avoid disruptions in benefits while beneficiaries are actively engaged in programs that reduce the likelihood they would need disability benefits in the future. Imagine, for example, a beneficiary who is participating in a vocational rehabilitation (VR) program for auto mechanic training, but undergoes a CDR and learns their benefits will stop. They may not be able to complete the VR program if they lose their only source of income and suddenly cannot pay for transportation and rent, but Section 301 could preserve their benefits until they complete the VR program and are in a better position to find a job.

Recently, our client M.I. was found no longer disabled as of age 18. However, she was still enrolled as an 11th-grade student under an IEP in her high school. SSA did not independently develop Section 301 eligibility, so our office reached out and informed the office that M.I. remained eligible under Section 301 because she had been enrolled in an appropriate program (under her IEP in school) before SSA determined that her disability had ceased. The SSA staff members we spoke with were unaware of Section 301, so we had to reach out to a manager for assistance. M.I. was facing eviction without the income from SSI, but our office was unable to communicate directly with ODO to check the status of her Section 301 case or offer assistance to move it forward. We finally learned through follow up with the Field Office that the school had not completed the required form to certify that M.I. remained enrolled in school under an IEP, and our office was able to follow up with the school to get the necessary paperwork. Section 301 benefits were finally authorized months after we initially requested them, but M.I. had no income while waiting for the benefits, and only narrowly avoided homelessness.

Section 301 does not meet its stated purpose because it remains one of the most opaque and confusing work incentives. There is no public annual reporting on Section 301 participation, and even FOIA requests my office has sent for data about program participation have been denied. But in CLS's considerable experience representing young adults, very few who should benefit from this program are able to. Beneficiaries must be participating in appropriate programs under Section 301 *before* they are found not disabled, so eligibility requires careful advance planning and awareness of the program. Eligibility also requires collaboration with other stakeholders, like schools and vocational rehabilitation programs, who are in a strong position to advise their program participants how their enrollment can impact their eligibility under Section 301, and who must respond to SSA's requests for information for beneficiaries to be found eligible.

Section 301 is also difficult to administer because one single SSA office is charged with administering the program for the entire country: the Office of Disability Operations (ODO). Furthermore, beneficiaries and advocates are unable to communicate directly with the ODO, so they must contact the Field Office, who is then responsible for coordinating with the ODO. This set up places additional burdens on Field Office staff and adds unnecessary layers of bureaucracy for advocates and beneficiaries trying to resolve issues with their benefits. The program is also confusing

to SSA staff; Administrative Law Judges may be aware of Section 301, but many do not understand they have no authority to order benefit continuation under this program in their disability-related decisions. Similarly, Field Office staff are often unaware of Section 301 or confused about their role in how to implement the incentive.

4. Improve Wage Reporting to Reduce Burdens and Overpayments

Overpayments due to work are one of the most common types of overpayments, and they occur when beneficiaries delay reporting wages or SSA delays inputting wage information. For this reason, CLS applauds SSA for taking steps to implement the Payroll Information Exchange (PIE) to obtain timely and accurate information on wages. During PIE implementation, CLS encourages SSA to take steps to ensure privacy and security, clear notices, due process, and advance notice with accessible opportunities to correct errors.

While PIE will reduce the burden of wage reporting for some, other beneficiaries will still rely on SSA's wage reporting systems, and SSA must address deficiencies in those systems to improve the accuracy and timeliness of wage information processing. SSA offers several options to report wages by phone, app, and online, but they are all inaccessible to certain segments of the population for different reasons, and many beneficiaries and rep payees are forced to drop off or fax pay stubs. Processing faxed or paper pay stubs places a significant burden on SSA staff and causes delays that can lead to unnecessary overpayments.[10]

The wage reporting systems are inaccessible for a variety of reasons. The automated telephone wage reporting is only available in English and wages can only be reported for the month before the report is made, and not any other month. The wage reporting app is also in English and only allows a person to report earnings from one job, and there is no way to link the report to a different beneficiary if income needs to be deemed, as explained below. Many people face barriers to online wage reporting due to limited technology access or expertise.

A. Correct Inability of Parent to Link Earnings to Child's Record

My client H.A. was a disabled child who was receiving SSI benefits, and her parents received multiple overpayment notices solely due to problems reporting wages. H.A.'s mother quit her job to care for her full-time, while her father continued to work. Her father's income was low enough that, based on their family size, H.A. remained eligible for SSI benefits, but her father had to report his income every month. H.A.'s parents tried to report wages using the wage reporting app, but there was no way for them to link their earnings report to H.A.'s record, so their wage reports were never added to H.A's file. H.A.'s father also changed jobs and reported the change to SSA, but again the update was not added to H.A.'s record. H.A.'s parents received an overpayment notice that showed estimated earnings for her father from both his current and former jobs. When our office got involved, we learned that the old job had never been removed from the record, so earnings from both jobs were carried over every month. We had to file three appeals to correct the problem because the former job kept being added back on to H.A.'s record. H.A.'s parents were told that to avoid the same problem in the future, they needed to drop off or fax pay stubs and write H.A.'s SSN on the pay stubs so that SSA staff would know they were linked to H.A.'s benefits.

B. Correct Inability to Report Income from More Than One Job

My client J.G. is a young adult who wanted to report wages on SSA's wage reporting app. However, J.G. had two different part-time jobs for a few hours each week, and the app only allowed him to report earnings from one job. Eventually, he decided to drop off his pay stubs at his local Social Security office. Once SSA had the correct wage information, they sent him an overpayment notice because he had been unable to figure out how to accurately report his wages sooner.

C. Improve Process for Confirming Income Report with Paystubs

While SSA offers many options to report wages, they require beneficiaries to periodically provide pay stubs to verify the information they report. Sometimes this occurs during annual financial redeterminations, but other times beneficiaries drop off pay stubs only for them to be lost. SSA then requests the information again, but if bene-

[10] Zuleger, Katherine, NCSSMA, "Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities," at 5 (June 18, 2024). Available at *https://www.finance.senate.gov/imo/media/doc/0618_zuleger_testimony.pdf*.

ficiaries forget to keep copies of the pay stubs, they can face barriers securing additional copies of documents to resubmit.

5. Conclusion

SSA's programs provide vital income and health supports to seniors and people with disabilities who face significant barriers to work. SSA and Congress have several opportunities to simplify SSA's rules to ensure confusion about benefits or fear of losing benefits do not further disincentivize work. Thank you for holding this important hearing, and for the opportunity to provide written testimony.

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July 2, 2024

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RE: June 18, 2024 Hearing on "Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities"

This statement is submitted by the cochairs of the Social Security Task Force of the Consortium for Citizens with Disabilities (CCD), the nation's largest coalition of national disability organizations. CCD's physical headquarters are 820 First Street, NE, Suite 740, Washington DC, 20002. We thank you for holding this hearing on the important topic of barriers to workforce participation for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) beneficiaries.[1]

The CCD Social Security Task Force strongly supports increasing efforts to help people with disabilities to work to their fullest potential. The Task Force has written and testified before Congress extensively regarding the multifaceted approaches needed to modernize Social Security disability programs to increase opportunities for work, to provide support to help people with disabilities remain attached to the labor force, and to deliver the training, services, and supports that people with disabilities may need to return to work.[2]

Our comments will focus on three key issues highlighted in the hearing, including: (1) restrictions on work-related income faced by Disabled Adult Child (DAC) beneficiaries, (2) the SSI program's grievously outdated asset and income limits, and (3) the impact of overpayments on both SSI and SSDI beneficiaries who are interested in work. We are grateful for the substantial bipartisan attention and action that members of the Senate Finance Committee have undertaken this Congress to address each of these issues. We also commend the steps that Social Security Administration (SSA) has taken this year to reduce the burden of overpayments on beneficiaries. Advancing the SSA's important work in this and other critical activities geared towards improving services for millions of Social Security beneficiaries will require sustained and increased administrative funding in the FY 2025 budget.

1. Eliminate Harsh Work Disincentives Impacting Disabled Adult Child (DAC) Beneficiaries

Around 1.1 million Americans with disabilities rely on "Disabled Adult Child" (DAC) benefits for their basic needs and access to critical health services. DAC provides a monthly stipend and eligibility for Medicare. These crucial benefits allow people whose disabilities onset before age 22 to claim benefits on a parent's record, allowing parents to continue to support their children with disabilities even after retire-

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[1] *https://www.finance.senate.gov/hearings/work-and-social-security-disability-benefits-addressing-challenges-and-creating-opportunities.*

[2] [SSDI Work and Approps], *https://www.c-c-d.org/fichiers/CCD-Statement-for-Record-Senate-Finance7-24-14.pdf;* [SSDI], *https://www.c-c-d.org/fichiers/CCD_statement_W&M_SSDI_hrg 12-2-11.pdf;* [SSDI Stay-at-Work and Back-to-Work Strategies: Lessons from the Private Sector], *https://www.c-c-d.org/fichiers/CCD-HELP-Hearing03-22-12.pdf;* [Work and SSDI], *https://www.c-c-d.org/fichiers/CCD-WM-on-work-opportunities-for-SSDI-beneficiaries-7-9-15FINAL.pdf.*

ment, disability, or death. Unfortunately, navigating the different programs and their rules are extremely complex for people with disabilities and their families.

As Chairman Wyden mentioned in his remarks, DAC beneficiaries are subject to a strict and punitive restriction on the amount of earnings from work they are able to make each month. If a DAC beneficiary has countable earnings of even one dollar over the substantial gainful activity (SGA) level ($1,550 a month in 2024) before receiving DAC benefits, they lose their eligibility for DAC benefits forever.[3] This creates a harsh disincentive to work for young adults with disabilities, who may want to try and work, but cannot risk losing these benefits. There are many circumstances in which a young person with a disability might be able to earn over SGA for a short period of time or a few times, but be unable to sustain that level of work in the long run. Families worry that the wrong amount of work will cause their family member to lose eligibility DAC benefits and this fear may discourage young adults with disabilities from working at all, or to their full potential.

The CCD Social Security Task Force strongly supports the bipartisan Work Without Worry Act (S. 2196), co-led by Chairman Wyden and Senator Cassidy. The Work Without Worry Act would eliminate this work disincentive by allowing young adults with disabilities to try and work and see if they can support themselves without losing eligibility for DAC benefits. Earnings from work over SGA will not prevent the individual from receiving DAC benefits from their parent's work history as long as the individual remains disabled by the same impairment from before age 22 and meets other eligibility conditions for benefits. The benefit amount will be either the benefit from the individual's parents or the benefit from the individual's own work history, whichever is higher. We agree with Chairman Wyden's statement during the hearing that the Work Without Worry Act is "a no-brainer that will be life-changing for thousands of Americans who want to participate in the workforce but don't, out of fear that federal rules could hurt their ability to be financially secure in the future."[4] We look forward to continuing our work with your offices to advance this legislation.

2. Remove Barriers to Work by Modernizing SSI Asset and Income Limits

SSI provides an extremely modest cash benefit for low-income individuals with disabilities and older adults that meet the program's strict means-tested criteria. Around 7.6 million people rely on SSI to meet basic needs for food, clothing, and shelter—including 4.3 million working-age individuals with disabilities, 1 million children with disabilities, and 2.3 million older adults.[5] But the program's asset and income limits trap people in poverty, punish them for getting married, create barriers to work, and constrain their financial independence.

The Task Force appreciates the solution-oriented discussion during the hearing on how updating the SSI asset limit would empower people with disabilities to save earnings from paid work and pursue their career goals. As Senator Brown noted in his remarks, SSI's strict asset limits haven't been updated in nearly 40 years. An individual on SSI is not allowed to have more than $2,000 in total financial resources at any time. Married couples are only allowed $3,000. Resources that count towards the SSI asset limit include cash, money in bank accounts, most retirement accounts, stocks and bonds, the value of whole life insurance policies and burial funds over $1,500, and some personal property. JPMorgan Chase recently noted that SSI's outdated asset limit makes it difficult for SSI beneficiaries to achieve any measure of economic security and called for it to be modernized.[6]

Because they were never indexed to inflation, these limits have lost nearly all of their value over the decades and have become a significant barrier to workforce participation.[7] Many individuals who receive SSI want to work and do in fact work. But the extremely low asset limit prevents people from saving money from paid work for fear that they could be kicked off of SSI if they save over $2,000. The fear

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[3] *https://www.ssa.gov/oact/cola/sga.html.*

[4] *https://www.finance.senate.gov/imo/media/doc/0618_wyden_statement.pdf.*

[5] Social Security Administration (SSA), "SSI Monthly Statistics, June 2023," July 2023, *https://www.ssa.gov/policy/docs/statcomps/ssi_monthly/index.html* (accessed July 12, 2023).

[6] JPMorgan Chase & Co., "Expanding Economic Opportunity and Mobility for People with Disabilities," *https://www.jpmorganchase.com/news-stories/expanding-economic-opportunities-and-mobility-for-people-with-disabilities* (accessed June 22, 2023).

[7] Kathleen Romig, Luis Nuñez, and Arloc Sherman, "The Case for Updating SSI Asset Limits," June 2023, *https://www.cbpp.org/research/social-security/the-case-for-updating-ssi-asset-limits* (accessed July 12, 2023).

of disqualification is justified—tens of thousands of recipients see their benefits suspended or permanently revoked each year for exceeding the asset cap.

The bipartisan SSI Savings Penalty Elimination Act (S. 2767) led by Senators Brown and Cassidy would significantly improve the lives of SSI recipients by raising the asset limit to $10,000 per individual/$20,000 per couple. The legislation also adjusts that number for inflation every year, a critical element in today's inflationary environment. The Task Force strongly supports this legislation, and joined a joint letter of endorsement from over 370 disability advocacy organizations.[8] We look forward to continuing our work with your offices to advance this legislation.

Another outdated SSI rule mentioned during the hearing that poses a significant barrier to work for beneficiaries is known as "earned income disregards"—which have been frozen in time for nearly 5 decades. As a recent CBPP report notes,

> SSA [exempts (or "disregards")] the first $65 per month of earnings; each $1 of earnings above that level reduces SSI benefits by 50 cents. These rules begin to reduce benefits even when a recipient's income is well below the poverty line. The amount of income that SSA disregards when calculating SSI benefits has not changed, even to account for inflation, since 1972. That has increasingly eroded the inflation-adjusted value of benefits for SSI recipients who work or receive Social Security or other income. For SSI beneficiaries who can work, the stringent disregard for earned income significantly diminishes any incentive to work. The dollar-for-dollar benefits reduction for non-wage income above $20 does little to reward those who receive Social Security based on their past work, since the combined benefits that they receive are little different than the benefits received by those with no work history.[9]

Urgent action is needed to increase these disregards to relieve people with disabilities from this harsh work penalty. In addition to increasing the disregards, they should also be indexed to inflation going forward or indexed with wages to keep up with rising living standards. We look forward to working with your offices to address this issue.

3. Update Overpayment Policies to Encourage Work

We appreciate the bipartisan discussion on work-related overpayments during this hearing and the attention to this issue this Congress. As Susan Wilschke, SSA's Associate Commissioner of the Office of Research, Demonstration, and Employment Support stated in her testimony, "[m]ultiple 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."[10] SSI and SSDI beneficiaries may also be wary of attempting a return to work out of fear that this may give rise to an overpayment when reported earnings are not properly recorded or monthly overpayments are not properly and promptly adjusted.[11]

The Task Force broadly supports the important steps that SSA Commissioner O'Malley and SSA staff have taken this year to both reduce the frequency and financial burden of overpayments for beneficiaries.

A key driver of overpayments for SSI beneficiaries discussed during the hearing is the SSA asset limit. Susan Wilsche confirmed that the SSA has identified going over the SSI asset limit as the number one cause of overpayment. As a result, the Task Force believes that passing the SSI Savings Penalty Elimination Act would help support the participation of SSI beneficiaries in the workplace.

4. SSA Needs Sufficient Administrative Funding to Improve Customer Service[12]

The Social Security Administration is serving more customers than ever before with fewer staff than it has had in 27 years. Its administrative budget has been cut by 20 percent over the past 9 years, and currently stands at less than 1 percent of ben-

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[8] *https://thearc.org/wp-content/uploads/2023/09/SSI-SPEA_Letter-of-support_2023_Final.pdf.*

[9] *https://www.cbpp.org/research/social-security/policymakers-should-expand-and-simplify-supplemental-security-income.*

[10] *https://www.finance.senate.gov/imo/media/doc/0618_wilschke_testimony.pdf.*

[11] *https://docs.house.gov/meetings/WM/WM01/20130619/101015/HHRG-113-WM01-Wstate-EkmanL-20130619.pdf.*

[12] *https://www.c-c-d.org/fichiers/CCD-Statement-for-Record-Senate-Finance7-24-14.pdf.*

efits paid. By contrast, private insurance companies operate on well more than 10 percent of overhead compared to outlays. Until 2018, SSA operated on a budget of 1.2 percent of benefits paid, and its customer service and employee satisfaction were among the best of federal agencies. The subsequent decline in both of those measures closely tracks the decline in spending authority as a percentage of benefits paid.

SSA already is making progress in reducing wait times and streamlining administrative processes. But continued progress will depend on Congress fully funding the President's request for FY 2025, and on restoring SSA's administrative budget to 1.2 percent of benefits paid in future years. We agree with Susan Wilschke's comment in her testimony that, "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."[13]

The Task Force urges Congress to fully fund the $15.4 billion requested by the President for SSA in FY 2025 in order to give SSA the tools it needs to strengthen services and reduce excessive delays faced every day by Americans who are trying to access the benefits they have earned.[14]

Conclusion

The Task Force supports new legislative and regulatory proposals that could increase employment opportunities for individuals with disabilities who receive Social Security disability benefits. We believe that any efforts to change SSDI and SSI must protect and expand these programs' effectiveness, as well as protect access to Medicare and Medicaid. Thank you for your efforts on behalf of disability claimants and beneficiaries and the millions of others who interact with SSA. We stand ready to work with you, other members of Congress, and SSA to improve services to the public.

Sincerely,

CCD-SSTF Co-chairs

Darcy Milburn
The ARC

Jeanne Morin
National Association of Disability Representatives

Tracey Gronniger
Justice in Aging

Jennifer Burdick
Community Legal Services of Philadelphia

STATEMENT SUBMITTED BY SHAWN COOPER

WORK & SSI BENEFITS

This statement is to indicate that lower income American citizens receiving Social Security and SSI benefits can work to build more affordable housing units and mixed use facilities with business career development networking home centers and small business work spaces to help empower less fortunate American citizens who are marginalized.

Motivated lower income American citizens who receive social security and SSI benefits should be able to exercise their constitutional rights to purchase vacant idle land parcels affordably and receive grants to equally participate in building more affordable housing units, cost efficient homes, and mixed use facility projects to serve the less fortunate American citizens who are marginalized.

Over a decade ago, I tried to submit a PASS plan to achieve self support for the purpose to put aside SSI disability funds to pay local general contractors to build affordable housing units to serve the disabled, elderly, homeless, lower income persons, and U.S. veterans. Although there was a court hearing, the judge claimed the plan was not feasible. Back then I was ignorant and oblivious to how the housing system structure is controlled and dictated by ungodly minded progressive policy makers who deprive lower and moderate income American citizens their constitu-

[13] *https://www.finance.senate.gov/imo/media/doc/0618_wilschke_testimony.pdf.*
[14] *https://www.c-c-d.org/fichiers/CCD-SSTF_FY25-SSA-Funding_4.26.24.pdf.*

tional freedom rights to buy land and receive grants to equally participate in rural and urban housing development.

I believe with access to a financial grant of $500,000 to $5 million we can partner with a rural and urban community development corporation and purchase a vacant idle land parcel in the Commonwealth and pay licensed general contractors to build a mixed use facility with affordable housing units with an emergency basement shelter space (for assisting and sheltering emergency homeless victims who become homeless as a result of home fire or other natural disaster) and also include a small business career development networking home outreach center for entrepreneurship. Motivated low-moderate income American citizens (individuals and minorities) should be able to buy land and receive grants to equally participate in building more affordable housing units, cost efficient; family homes, mixed use housing facilities with small business career development networking home centers to help empower and serve disadvantage American citizens living below the poverty line.

The American citizenry (individuals and minorities) should have the access to receive community development grants to represent better transparency regarding how taxpayer resources are spent to better the community. The government can provide grants to help the American people participate in building housing and economic infrastructure through providing project managers to view new ideas from aspiring lower and moderate income American citizens to properly use grant funds to build more affordable housing units would provide more transparency in government spending and galvanize the American people to participate in rural and urban community revitalization.

The U.S. Government continues to mismanage hundreds billions of taxpayer dollars allocated for housing affordability and stability and the housing crisis is getting worse. Progressive Democrats should not allocate and invest hundreds of billions of American taxpayer resource funds to pay NGO's and nonprofit organizations to assist, encourage and support migrants entering the country illegally. Using migrants entering the country illegally as a cheap labor workforce (to replace lower wage American workers) and establish a new bigger electoral voting base for the Democratic party is an act of betrayal against the American people.

America was originally established upon the righteous biblical principles of Almighty God. All law abiding American citizens (individuals and minorities) should be able to exercise their constitutional rights to purchase vacant idle land parcels affordably from governing rural and urban city jurisdictions.

The living testimony of our Lord and Savior Jesus Christ is the greatest living example to morally teach all human beings how to faithfully honor and obey Almighty God's righteous biblical principles and righteously serve humanity.

If all political policy makers would humbly receive Jesus Christ as Lord and Savior, every law abiding aspiring low-moderate income American citizen would be able to exercise their constitutional rights to buy land parcels for the purpose to build a desired home and develop a small business work space.

Please I beg you and your fellow progressive colleagues to humbly seek Godly biblical insight-wisdom, receive Jesus Christ as Lord and Savior, and use your prominent political position of authority to enact righteous laws of governance to ensure that the common lower and moderate income American citizens' can freely purchase vacant idle land from governing rural and urban city jurisdictions and receive grants to equally participate in community economic rural and urban housing and mixed use property land development.

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Statement of Debora L. Wagner

Introduction

Chairman Wyden, Ranking Member Crapo, and distinguished members of the Senate Committee on Finance, thank you for the opportunity to provide testimony on Social Security work incentives. I am Debora Wagner, a faculty member in the Work Incentive Support Center, part of the Yang-Tan Institute on Employment and Disability at Cornell University's School of Industrial and Labor Relations. In addition,

I serve on the Board of Directors for the National Association of Benefits and Work Incentives Specialists (NABWIS).

I will cover three topics in my testimony today. First, Social Security needs more staff trained in the current work incentives rules. Second, the Social Security definition of disability fails to reflect the current reality of workers with disabilities. Finally, the Social Security work incentives rules should be simplified.

Social Security Needs More Trained Staff

As you know, the Social Security Administration (hereinafter SSA) is grossly understaffed. The current staffing levels are lower than they have been in more than 25 years.[1] However, more people than ever are receiving a benefit from SSA.[2] SSA employees receive only minimal training on SSA work incentives rules and procedures.

Each field office is supposed to have a Work Incentive Liaison (WIL) with specialized training in these work rules and procedures. While many WILs are subject matter experts who are committed to this work, other field offices cannot identify who the WIL is or the WIL claims to lack the knowledge and training required to fulfill this role. SSA plans to provide additional training for WILs in August, and this is a first step in the right direction. Regional specialists, called Area Work Incentives Coordinators (AWICs), are an invaluable expert resource for WILs, work incentives planners, and disabled workers. However, many AWIC positions across the country are unfilled and turnover is frequent. SSA needs a stable, consistent network of subject matter experts across the country.

For a beneficiary of Social Security disability benefits, reporting wages and work incentives to SSA is a complicated, multi-step process. None of the automated wage reporting systems created by SSA have solved the problem. The automated wage reporting phone system, smartphone application for Supplemental Security Income (SSI) recipients, and my Social Security accounts allow only for wage reports. Beneficiaries must report work incentives separately—in person, by phone, by fax, or by mail. Even when wage information is entered into the SSI system automatically, SSA employees must still input work incentives information to calculate SSI payments correctly. For Social Security Disability Insurance (SSDI), SSA employees must determine Trial Work Period months, and calculate countable income during the Extended Period of Eligibility and Initial Reinstatement Period.

SSA cannot process wage reports and work incentives information in a timely manner without adequate staff who have knowledge of these SSA rules and procedures. In addition, SSA staff evaluations and performance credits must align with this priority so SSA can reduce overpayments and ensure program integrity. SSA employees must receive performance credit for providing Benefits Planning Queries (BPQYs, an essential tool for work incentives planning), processing wage reports in a timely manner, and applying work incentives rules correctly. SSA uses performance credits in employee evaluations, and SSA employees often prioritize the work that will earn them the most performance credit. Investing time and resources in timely and accurate processing of work information will save considerable time and resources that SSA is currently squandering trying to collect overpayments.

Simply collecting wage data through an online processor will not solve the problem. SSA will still need adequate staff with specialized knowledge to correctly integrate wage data with the work incentives information reported by beneficiaries. SSA rules require many deductions from gross earnings, including Impairment-Related Work Expenses, Subsidies, Special Conditions, Paid Time Off, Blind Work Expenses, the Student Earned Income Exclusion, and deductions for money set aside in a Plan to Achieve Self-Support. In addition, special rules require an analysis of when income should be averaged and when an unsuccessful work attempt has occurred. In addition, SSA has specialized rules for self-employed workers, which is a growing population in the "gig" economy.[3]

The SSA work incentives do not work correctly without sufficient staff with the required training. For example, Expedited Reinstatement (EXR) is a wonderful tool that allows workers who have worked their way off SSA disability benefits to quick-

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[1] Social Security Administration (SSA). (n.d.). *SecurityStat.* Retrieved June 13, 2024, from *https://www.ssa.gov/securitystat*.

[2] Social Security Administration (SSA). (n.d.). *Social Security Beneficiary Statistics.* Retrieved June 13, 2024, from *https://www.ssa.gov/oact/STATS/OASDIbenies.html*.

[3] Cornell University's School of Industrial and Labor Relations (ILR) and the Aspen Institute Future of Work Initiative. (n.d.). *Gig economy data hub.* Retrieved June 13, 2024, from *https://www.gigeconomydata.org/*.

ly restart their cash and medical benefits if they experience wage loss related to the same medical condition. The rules state that workers should get up to 6 months of provisional payments while SSA reviews their request for EXR. However, it is currently taking more than 6 months for state Disability Determination Services to make the required disability decision so benefits can continue after the 6-month period. In addition, the Payment Center is delaying initial EXR payments. Work incentives planners across the country are reporting delays of 3 to 5 months for payments to start. If disabled workers find that they cannot depend on the EXR program to provide them with income and health coverage as described in the program's rules, then they are unlikely to work their way off benefits again. EXR is a promise from SSA to help disabled workers who have an unfortunate setback. That promise is broken every time SSA does not have the resources to implement EXR correctly.

If SSA must apply the complicated work incentives rules as they currently exist, then SSA needs significantly more employees who all receive extensive training on these rules to ensure the timely and accurate processing of work-related reports.

Redefine Disability

When the SSA definition of disability was created in 1954, many people with disabilities were perceived as unable to work.[4] However, this perception has changed significantly since then, and more disabled people are working than ever before.[5] First, the U.S. economy has evolved away from labor-intensive work to professional, skilled work.[6] Second, the Americans with Disabilities Act of 1990 prohibited workplace discrimination against workers with disabilities.[7] Third, improved technology has made the work world more accessible for disabled workers.[8]

The SSA definition of disability should reflect the reality of disabled workers in today's economy. The first part of the definition says that the individual must be unable to work and earn income at the Substantial Gainful Activity (SGA) level. The current Substantial Gainful Activity level for a disabled individual is $1,550 per month. That is less than 125% of the federal poverty level. After taxes are deducted, this level of work leaves disabled workers living in poverty. There is nothing "substantial" about the SGA level.

If a disabled person is receiving an SSDI benefit of $2,500 per month for themselves and $1,250 per month for their dependents, then their total monthly income from SSA is $3,750 per month. Why would they risk their benefits for a job paying $2,000 per month? It makes no financial sense. Many beneficiaries see no financial benefit to working when the amount that they can earn is less than they currently get in benefits from SSA.

Work has many benefits for both the individual worker and society. First, work is therapeutic for disabled workers.[9] They connect with others in their communities and find meaningful ways to contribute to society. Society benefits when disabled workers offer their unique talents and skills, and disabled workers pay taxes like every other worker.[10] As a disabled worker told me, "I would rather contribute to society than feel like a drain on society."

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[4] *See, for example,* Social Security Administration (SSA). (1955). *Notes and Brief Reports.* Bulletin. *https://www.ssa.gov/policy/docs/ssb/v18n6/v18n6p20.pdf.*

[5] Patterson, S. (October 26, 2014). A Historical Overview of Disability and Employment in the United States, 1600 to 1950. *Review of Disability Studies,* 7 (3 and 4). *https://www.rdsjournal.org/index.php/journal/article/view/117/385;* U.S. Bureau of Labor Statistics. (February 22, 2024). *Persons with a disability: Labor force characteristics summary* [Press release]. *https://www.bls.gov/news.release/disabl.nr0.htm.*

[6] Naranjo, A.M., and Vizcaino, J.I. (December 11, 2017). *Shifting Times: The Evolution of the American Workplace.* Regional Economist, Federal Reserve Bank of St. Louis. *https://www.stlouisfed.org/publications/regional-economist/fourth-quarter-2017/evolution-american-workplace.*

[7] U.S. Commission on Civil Rights. (2000). *Sharing the Dream: Is the ADA Accommodating All? Chapter 2, The Effects of the ADA, https://www.usccr.gov/files/pubs/ada/ch2.htm.*

[8] Perkins School for the Blind. (n.d.). *DisabilityTech: Making the world more accessible for everyone.* Retrieved on June 13, 2024, from *https://www.perkins.org/disabilitytech-making-the-world-more-accessible-for-everyone/.*

[9] Modini, M., Joyce, S., Mykletun, A., Christensen, H., Bryant, R.A., Mitchell, P.B., and Harvey, S.B. (July 2016). The mental health benefits of employment: Results of a systematic meta-review. *Australas Psychiatry,* 24(4), 331–6. *https://doi.org/10.1177/1039856215618523;* Drake, R.E., and Wallach, M.A. (2020). Employment is a critical mental health intervention. *Epidemiology and Psychiatric Sciences,* 29, e178. *https://doi.org/10.1017/S2045796020000906.*

[10] Herson, K. (December 3, 2021). *Seven Reasons Why Hiring People With Disabilities Is Good for Business. Forbes.com. https://www.forbes.com/sites/forbesbusinesscouncil/2021/12/03/seven-reasons-why-hiring-people-with-disabilities-is-good-for-business/.*

Work is a win-win for people with disabilities and for society. Work should lift people with disabilities out of poverty. The SSA definition of disability needs to be revised to better reflect the reality of disabled workers in this modern world.

Simplify Work Incentives Rules

SSA does not have the resources necessary to help disabled workers under the current rules. There are steps that Congress could take to remedy the situation.

First, implement the same rules for both SSDI and SSI. The current rules are extremely different and unnecessarily complex. For concurrent beneficiaries, who receive both SSDI and SSI, understanding the work rules is almost impossible. They get a Trial Work Period for SSDI, but not for SSI. They do not have to worry about SGA for SSI, but they do for SSDI. Impairment-Related Work Expenses, which can be used for both SSDI and SSI, are applied completely differently in each program. Even SSA employees confuse the work rules for SSDI and SSI, and often give bad advice as a result. This bad advice leads to overpayments and fear for disabled workers. Congress could create one set of work rules for all recipients and apply them equally to everyone.

Second, determine benefit amounts for both SSDI and SSI payments on a prospective basis. This would minimize the potential for SSA errors, allow recipients to budget and plan, and eliminate the resource burden created by work-related overpayments.[11] Other benefits programs, such as the Supplemental Nutrition Assistance Program (SNAP), make prospective decisions on benefit amounts. SSA could learn from these other programs. For example, SSI payments could be calculated prospectively on an annual basis based on income and resource levels over the preceding year. If a beneficiary earns more than predicted, instead of wasting resources on overpayment determinations and collection efforts, SSA could simply adjust the benefit payment in the coming year. The disabled worker could budget and plan each year. SSA employees could focus on other program priorities. Limited SSA resources would not be wasted on the cumbersome processes of monthly calculations and overpayment collections.

Finally, here is a list of simple changes that could improve the outcomes for disabled workers:

1. Increase the $65 earned income disregard for SSI, which has not changed since 1972, and adjust it annually based on the national wage index.
2. Increase the resource limit for SSI, which has been set at $2,000 for an individual since 1989, and adjust it annually based on the national wage index. Disabled workers should be able to share in the American dream of working hard and saving for their futures.
3. SSA should make the updated Benefits Planning Query (BPQY) available in workers' my Social Security accounts. This information helps disabled workers to understand their benefits and make informed choices about work.
4. Make sure that Field Offices have the authority to start EXR provisional payments as soon as the request is made. Eliminate all obstacles that lead to delayed EXR relief.
5. Create simplified, automated systems for reporting wages and work incentives without requiring multiple points of contact. For example, if people can deposit a check into their bank account by taking a picture with their phone, then disabled workers should be able to take pictures of their paystub and proof of work incentives with their phones and upload the information instantly. The secure technology already exists.
6. Set a 2-year statute of limitation for the collection of work-related overpayments when SSA fails to process wage and work incentive information.

Even simple changes can help improve the SSA work rules.

Conclusion

If the SSA work incentives rules do not change, then SSA desperately needs the funding to hire and train additional staff who can process wage reports and work incentives information. However, the world of work for people with disabilities has changed dramatically since SSA first defined disability based on inability to work. The SSA definition of disability could be updated to allow workers with disabilities to lift themselves out of poverty, more fully contribute to the workplace, and be pro-

[11] Smalligan, J., and Boyens, C. (March 9, 2023). *Raising the Alarm on the Unintended Consequences of Social Security's Return to Work Policies.* Social Security Advisory Board (SSAB). *https://www.ssab.gov/research/raising-the-alarm-on-the-unintended-consequences-of-social-securitys-return-to-work-policies/*.

ductive taxpayers. Finally, bold changes could simplify the SSA work incentives rules and reduce the administrative burden on the agency.[12]

Thank you for your time and attention.

EASTERSEALS

STATEMENT OF KENDRA DAVENPORT, PRESIDENT AND CEO,
EASTERSEALS NATIONAL OFFICE;
TRACY GARNER, PRESIDENT AND CEO, EASTERSEALS LOUISIANA;
KRISTEN RANTZ, PRESIDENT AND CEO, EASTERSEALS OREGON; AND
MARK SHERMAN, PRESIDENT AND CEO, EASTERSEALS
GOODWILL NORTHERN ROCKY MOUNTAIN

Chairman Wyden, Ranking Member Crapo, and Members of the Finance Committee, it is with great pleasure and honor that we submit this testimony to the committee on behalf of Easterseals National Office, Easterseals Louisiana, Easterseals Oregon, and Easterseals Goodwill Northern Rocky Mountain which serves Idaho, Montana, Utah, and Wyoming, regarding "Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities."

For more than 100 years, Easterseals has worked tirelessly with our partners to enhance quality of life and expand local access to employment, healthcare, and education opportunities. Through our national network of Affiliates, Easterseals provides essential services and on-the-ground supports to more than 1.5 million people each year. Our public education, policy, and advocacy initiatives positively shape perceptions and address the urgent and evolving needs of one in four Americans with disabilities today. Together, we're empowering people with disabilities, families, and communities to be full and equal participants in society.

We are writing today to express our support for addressing and modifying Federal programs such as Social Security Disability Insurance (SSDI), Supplemental Security Income (SSI), and other Social Security Administration programs that limit an individual's opportunity to participate fully in meaningful employment due to fear of losing benefits and health care coverage.

Combined, we have decades of experience working on the ground with individuals with disabilities every day. We hear firsthand hundreds of poignant, heart wrenching stories of individuals and families having to make painful decisions and sacrifices to ensure that they maintain benefits for crucial medical care, equipment, devices, and medication. These choices often result in electing to work less or not at all, eroding self-worth and dignity.

For example, one participant of Easterseals Louisiana named Brian has a developmental disability and receives SSI and Medicaid. Brian wants a job but understands that his ability to earn and save income is severely restricted for fear of losing his benefits as he would be unable to pay for his expensive medical needs with the minimum wage salary he would earn at a potential job. Brian, like countless others, are caught between a rock and a hard place. Each year, our Affiliates support thousands of individuals of traditional working age (18–64), many who are in situations similar to Brian's.

Based on our firsthand experience, there are several barriers to work for SSI and SSDI recipients:

1. **Fear of Loss of Medicaid:** Some states offer Medicaid Buy-In programs for working individuals with disabilities. However, not all recipients are aware of these options, and the fear of losing Medicaid coverage remains a significant barrier. To be specific, Easterseals Oregon currently has 31 out of 299 Senior Community Service Employment Program (SCSEP) participants that are on reduced hours to avoid disruption of SSI or SSDI benefits.
2. **Complex Reporting Requirements:** Recipients must navigate complex and stringent reporting requirements for changes in income and work status. Failure to comply can lead to benefit suspensions or terminations, discouraging individuals from seeking employment. In fact, many veterans we work with do not seek SSI or SSDI due to the cumbersome requirements and stick with the

[12] I would like to thank Raymond Cebula, Tonya Engst, William Erickson, Michelle Kaye, and Aleyda Toruno for their assistance in preparing this testimony.

Veterans Administration. It causes too many challenges navigating the income requirements.

3. **Over-Income and Repayment Issues:** SSI and SSDI have strict income limits. Earning above the Substantial Gainful Activity (SGA) threshold can result in the suspension of SSDI benefits, and exceeding SSI income limits can reduce or limit benefits. Inaccurate reporting can lead to overpayment issues, where the individual is required to repay benefits received. This creates a financial strain and discourages individuals from pursuing or maintaining employment. As referenced in item 2 above, the reporting requirements are complex for reporting changes in income and work status. The inaccurate reports are often due to misunderstandings of the requirements.

To show the real-world impact that this has, we'd like to share a few impact statements from our participants who have been affected by these barriers:

- *"The impact SSDI has had on me is every 2 weeks, I have to make sure I don't go over the income that affects my SSDI. I had to keep reducing my hours, until I was able to figure out how not to go over income. I don't want to have to reduce any more hours. When job searching, I've had to keep that in mind with finding out how much they pay and how many hours and whether or not that would affect my SSDI. Or I could get a full time job, and it would eliminate my SSDI. I have to be really careful or I know they will have me pay it back."*
- *"It limits me tremendously because I am not able to accept a full time job or even a part time job that goes over the income limit with fear that I'll lose my benefits. This discourages me when I look for jobs because I could apply and get them but then I could lose my SSDI and insurance. This affects me trying to be independent and employed, I can't stress enough how frustrating and discouraging it is. It shuts a lot of doors that otherwise would be open to me and people like me. With cost of living being so high, my SSDI alone just doesn't cut it so I'm forced to find employment but it gets so discouraging."*

Employment not only fosters a sense of contribution and purpose, but also positively impacts health and well-being. As one of our participants noted, "Having a job and receiving an income has helped lower my blood pressure and allowed me to stop taking medication."

This is why Easterseals works each day to provide workforce development programs. In addition to our programs that focus on traditional working age, we also support low-income adults age 55+ through SCSEP, veterans who are currently or at-risk of houselessness through the Homeless Veterans Reintegration Program (HVRP), and adults with disabilities who speak a language other than English through the Connecting Communities Program. Frequently, our dedicated staff navigate the complex landscape of employment opportunities that do not jeopardize a participant's eligibility to receive SSI benefits.

To give you a sense of how our workforce development programs increase our participants' quality of life and to demonstrate the importance and value of work, we'd like to share a few testimonials from our participants:

- *"I'm 69 and have been struggling to find affordable housing for over 3 years. Rentals in this and other areas have soared way beyond what I can afford on Social Security alone. For almost 2 years I've been living in a small basement apartment which has plumbing and electrical issues. It's a stopgap solution at best. The extra income I've been earning through the Easterseals program for seniors has allowed me to build up my savings significantly, giving me hope that I will eventually be able to find decent and affordable housing again. In addition to the positive impact on my savings . . . being able to have a positive impact on the lives of kids again reminds me that I still have something to contribute."*
- *"I want to spend time working so I can be productive and also stay active to make myself feel better. I am so thankful for Easterseals and I really love how it has built my self esteem."*
- *"Easterseals helps elderly and disabled persons in finding their worth again and encouraged them in employment that makes them feel worthy and needed."*
- *"My participation in Easterseals Oregon has made a significant difference in the quality of my life. Coming out of COVID and facing challenges in seeking employment, Easterseals Oregon gave me the support and guidance I needed to build my confidence as I reentered the workforce. In addition, the wrap around support in terms of coaching and training has better prepared me for what lies ahead, as a senior looking for work."*
- *"Easterseals has given me the opportunity to give back to the citizens of the community."*

We are thankful for proposed legislation such as Work Without Worry and we are pleased that the Senate Finance Committee is evaluating current Social Security Administration policies related to work and assessing intended and unintended barriers that discourage those who can, should, and want to work. We are supportive of and appreciative of this attention and willingness to help people with disabilities work and lead complete and meaningful lives.

By addressing the barriers referenced above through legislative measures and supportive programs, we can create a more inclusive and empowering environment for individuals with disabilities to participate in the workforce without fear of losing essential benefits.

Thank you once again for your time. We are available for any further discussion or assistance you might require.

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Statement of Patty Sexton,
Disability Representative—Owner

As a professional claimant's representative and the owner of Mission Possible Employment Services (MPES) located in Vancouver, WA, I am pleased to submit this statement regarding challenges and opportunities for Social Security disability beneficiaries desiring to return to employment. Our agency provides assistance to those applying for Social Security disability income assistance. MPES also serves as an Employment Network in order to assist clients who desire to return to work. Often, we find that our clients experience improved health or are unable to survive financially on the Social Security Disability Insurance (SSDI)/Supplemental Security Income (SSI) payments. As a result, they ask for help in returning to work. Navigating the complex and often confusing programs intended to provide incentives for disability beneficiaries who desire to work can be serious challenge. As an advocate working directly with SSDI and SSI claimants, I welcome the opportunity to comment on work incentives in SSA's disability programs.

Ticket to Work (TTW), signed into law in 1999, was designed to help people return to work and eventually no longer require disability benefits to meet their basic needs. The goal was to get 2 percent of the recipients working and no longer depending on Social Security disability benefits. Mission Possible joined TTW in 2001 as an Employment Network (EN). Over the years MPES staff members have adapted to constantly changing TTW administrative personnel and numerous policy changes. In 2020, Mission Possible became an Administrative Employment Network that partners with other agencies to enable them to become Employment Networks. Later Mission Possible began working with the Partnership Plus program, assisting clients after their cases are closed by their local State Vocational Rehabilitation (VR) offices. In order to maintain employment, many workers require additional time of job retention and support services. Mission Possible provides ongoing support for long-term employment for those clients.

The TTW program enables agencies, such as MPES, to help clients attempting to work receive education regarding the program and assistance with finding a job. Services include preparing a resume, developing interviewing skills, work habits, communication skills, and problem solving. The first period of time, when a client returns to work is called a Trial Work Period (TWP). Mission Possible helps clients/beneficiaries track their earnings, monitors their progress and maintains regular communications. If assistance or accommodations are helpful for the client to maintain success in employment, we work to put those in place. In effect, the TTW EN becomes the client's cheer leader. Disability beneficiaries who work above Trial Work Level (TWL–$1,110.00) are able to maintain both their wages and Social Security benefits for the 9 months of a Trial Work Period. After the 9-month TWP, SSA gives a 3-month grace period to verify they can maintain SGA, and the 4 months of SGA, monthly benefits cease. During the next 36 months of Extended Period of Eligibility, starting after the TWP, if the beneficiary's wages are less than SGA (which this year, 2024, is $1,550.00 per month) Social Security is to restore benefits for that month. In reality, as demonstrated in the examples included in this statement, beneficiaries who fully comply with wage-reporting requirements often con-

tinue to receive benefits beyond their 12 months of SGA work, only to get a notice years later from SSA that they owe thousands of dollars in overpayments. Beneficiaries who earn below SGA during the Extended Period of Eligibility (EPE) often have to wait a year for SSA to restore the benefits they are entitled to receive. When the TTW program works as designed, it benefits the disability beneficiaries to once again provide for themselves. The resulting cost savings benefits SSA and taxpayers.

Since 2001 MPES has helped hundreds of clients successfully return to work after experiencing disability. The biggest challenges that the program faces are lack of training of both Social Security personnel and the disabled clients. We believe that the TTW program can be an effective tool, but parts of the program need improvements so that it can operate as Congress intended.

Disability beneficiaries are often reluctant to attempt returning to work out of fear of losing hard-won cash benefits and health insurance they have waited 2 to 3 years to receive. They fear receiving an overpayment notice or being abandoned by a system that is difficult to navigate. The complex and confusing rules are often difficult to understand. Our role as ENs is to work with and educate these beneficiaries so that they can confidently attempt to return to employment. As we work with Ticketholders, we also find ourselves educating SSA field office staff.

My experience demonstrates that professional claimant representatives who are familiar with the SSA disability programs would be well-positioned to assist their clients in attempting to return to work. Some have attempted to become an approved EN, however the time and bureaucratic hassle of becoming an Employment Network can be prohibitive. One member recently spent 6 months in the application process only to be denied because he didn't have the requisite 2 years of job development experience. This individual then turned to MPES to become a partner. Three months later, MPES is still awaiting SSA's notification of receipt for his suitability. He has 13,000 SSDI and SSI clients. He has been background checked for Medicare and to receive fee-withholding and direct payment for representing clients. This is his third background check with Social Security—and to this day it is not completed.

A few successful examples from MPES files:

1. A teacher who broke his back at school and was off work for over 2 years. He was approved for disability, but wanted to return to work and did so successfully. He was able to leave the SSDI program and completed his 5 years, saving the Social Security program $144,000.
2. A client diagnosed with schizophrenia was able to work as a drywall finisher. He will soon complete his 5 years of working on the TTW program, for a savings of about $96,000.

Since 2001 MPES has worked with nurses, laborers, engineers, chefs, and several doctors, on the TTW program. Some changed careers in order to be employed. Many were able to return to their previous employment with accommodations agreed to by their employer. Vocational Rehabilitation offices help when a person needs additional services or desires to go to school. We provide long-term employment services through the Partnership Plus program after VR closes their case. A link to testimonials from current and past clients is here: *https://drive.google.com/file/d/1PG04aiqVZw5KjqTlEtqCExaATr0WWCiQ/view?usp=sharing.*

It is not possible to predict who will be successful returning to employment. Currently, SSA, through Cognosante, our Ticket Program manager, requires our client to say they want to "go off Social Security" in order to participate. This runs contrary to the whole purpose of the Trial Work Period: to allow a client to try to go to work and see what they need to be successful. Beneficiaries are understandably reluctant to commit to leaving the disability rolls before they even attempt to return to work. Perhaps it would be beneficial to consult those who directly work with the clients before changing policies and forms.

All too often return-to-work rules, intended to provide services to assist beneficiaries in returning to work, actually create barriers to work. If those barriers can be reduced the program would greatly be improved.

SSDI Work Rules—Summary

SSDI beneficiaries are eligible for a 9-month Trial Work Period (TWP) work incentive. During this time, they can work and be compensated at a level above SGA for 9 months without impacting their benefits. After the completion of the TWP, the beneficiary enters a 36-month Extended Period of Eligibility (EPE). During that

time, their cash benefit is suspended in any month that their earnings exceed Substantial Gainful Activity (SGA) ($1,550 for 2024). They retain their Medicare eligibility up to 93 months after TWP. If beneficiaries receive extra help to pay their Medicare premiums and prescriptions, their work earnings may make them no longer eligible and they will then be responsible to pay their Medicare premiums.

After the 36 months of EPE ends, the first month the beneficiaries have SGA earnings, SSDI benefits terminate, and the 5 years of EPE begins. During this time if the beneficiary finds they can no longer maintain that level of SGA work or has to stop all together due to their disability they can request an Expedited Reinstatement of benefits and receive up to 6 months of provisional benefits while SSA makes a decision on the new application.

SSDI Work Rules—Challenges

- BPYQ (Benefits Planning Query) letters to determine past work are not sent to the beneficiary/ENs in a timely manner. This leads to overpayments as clients often cannot remember when they worked.
- SSA field offices often do not restart benefits timely during EPE when they stop working or have to reduce work hours below SGA.
- When SSA looks at gross earnings, they calculate employment earnings based on when the individual worked and earned money, the pay period dates, not the pay date when the individual is paid.

SSA personnel in field offices often are not trained in TTW. Misinformation often is provided by the field offices about the TTW program and the role of an Employment Network. Often, beneficiaries are told that if they just have work earnings below SGA they do not need to report them to SSA. We tell all our clients to report any work earnings to SSA and keep copies of all paystubs in an SSA file in case they are asked to complete a work activity report.

As an example, one beneficiary, in her 30s, had her cancer return. She started chemo and radiation and had to take a leave of absence from work. Her employer, Alaska Airlines, has been accommodating her to be able to work. She reported to SSA that she is no longer working beginning September 2022. In January 2023 her benefits stopped, causing a financial crisis while she was undergoing cancer treatment. We contacted Protection and Advocacy for Beneficiaries of Social Security (PABSS) to represent her and by August 2023 she finally began receiving her SSDI benefits and all back pay. This experience has caused this beneficiary to not trust the TTW program safety nets or SSA. When or if her health improves, she may never re-engage in work again in fear of a repeat of this.

Another beneficiary successfully worked through her TWP working for Cooks Inlet Tribal and then in the local school district. She began working June 2021 and in March of 2023, 12 months in EPE, she had an epilepsy setback that required her to stop working and explore medical treatment options. She had been reporting regularly to the local SSA office and in March reported the change in work to have benefits restarted immediately. It took until the middle of May 2023 before her benefits were started again. In August this beneficiary was stable with her condition and found a position to work remotely for the Veterans Administration (VA). She then began working at SGA and reporting her income monthly to her local SSA field office. She continued to receive her SSDI monthly payments, knowing that she is now likely in an overpayment with SSA. In February 2024 her SSDI finally suspended as it should have, 5 months earlier. At the end of March 2024 she had another relapse of epilepsy causing her to resign from the VA while she explored surgery options. She reported immediately to her local SSA field office that she stopped working and included her resignation letter the last week of March 2024 requesting that her SSDI benefits restarted. It is now June 2024 and her SSDI has still not restarted. With the added financial stress of benefits NOT restarting as promised in the TTW program, it is unlikely that she will attempt working again. She is in her early 30s.

A third beneficiary who completed her TWP working at Walmart around summer of 2021. This beneficiary is in her late 50s. In January of 2022 she had to reduce her hours below SGA at work due to a disability setback. She had diligently reported her income monthly to her local SSA field office as well as her reduced work hours to restart her SSDI benefits. She received an SSA letter in the first part of 2022 that she is now in a $15,000 overpayment. We assisted her in submitting an appeal for reconsideration of overpayment and the restart of benefits. It took until December 2022 for the overpayment to be completely waived and here benefits to finally restart. This beneficiary has lost complete trust in SSA and its return-to-work programs. They will not be re-engaging in SGA work again.

SSI Work Rules—Summary

The rules for SSI are even more complicated. Any amount of work and earnings will impact benefits since the amount received is adjusted on a monthly basis. Any earnings above the General and Earned Income Exclusion of $85 in a month will reduce benefits for that month. Calculating the Impairment Related Work Expenses or if blind, Blind Work Expenses (IRWE–BWE) also is complicated and time-consuming for SSA.

Another big problem is that SSA uses retrospective monthly accounting (RMA) to calculate Supplemental Security Income (SSI) payments for a given month based on income from the previous month. RMA has two parts: eligibility determination and payment computation. The payment computation formula is:

- Subtract the countable income from 2 months ago from the current month's FBR.
- Compute any federally administered State supplementary payment by subtracting any remaining countable income.

Finally, when SSA looks at gross earnings, they calculate employment earnings based on when actually paid and not when earned. This mismatch creates all sorts of problems.

Any other benefits an SSI beneficiary receives will also be impacted when they attempt to work. Examples include:

- Subsidized housing rent will go up.
- Up until September 2024 their food assistance will decrease or fall off.
- If an SSI recipient has any dependents living with them and receiving SSI benefits working will impact both of their benefits and can be a barrier to employment.
- If an SSI recipient gets married, they, if not married to another disabled person, lose their SSI benefits.
- Having roommates who split rent decreases the amount of SSI benefits by ⅓.

SSI barriers to work under the program rules include:

- The interaction and potential loss of other federal benefits.
- Loss of Medicaid coverage with very expensive prescriptions and treatments that Medicare does not always cover.
- There often is a gap between Medicaid ending and Medicare starting.
- Overpayments are virtually inevitable due to retrospective accounting.
- Lack of knowledge and understanding about the use of subsidies, income disregards etc. results in confusion for the SSI recipient and unexpected suspension of benefits.
- Misinformation of the TTW program from the local Social Security field offices and the role of an Employment Network exacerbates this problem.
- SSI recipients have an understandable fear of being "held hostage" by SSA and threat of losing what little they own.
- The $2,000 individual/$3,000 couple resource eligibility limit that has not increased since 1983 is a huge disincentive to work.

Resources are available to SSDI/SSI beneficiaries re-entering the workforce or entering the workforce for the first time:

- Partnership Plus allows VR and EN to partner for seamless access to supports/services in the TTW program. This partnership is still a work in progress, but we have had success in Alaska. Our EN has referred many potential TTW clients to VR when their services would benefit them for long term employment success. The majority of our referrals to VR have been in Oregon and Washington. We currently do not have written partnerships in these two states but have established relationships with Oregon VR administration and counselors and are working to build relationships in Washington. Idaho just dropped all partners; we were one of those partners.
- PABSS (Protection and Advocacy for Beneficiaries of Social Security), is designed to help remove barriers to employment. We have a good working relationship in AK and are looking to build more in other states.
- Work Incentives Planning and Assistance (WIPA) staff provide information about work and benefits to SSDI/SSI recipients. SSA should organize conferences or seminars for ENs to meet their local WIPA staff and AWICs (Area Work Incentives Coordinator) in order to help coordinate services and better refer beneficiaries for their services.

- Access and information to any other work training resources for the underprivileged are available through these programs:
  - Bankwork program—8 weeks training, graduation, hiring event nationwide but only a few select training cities.
  - Careerworks program—8 weeks training, graduation, hiring event nationwide but only a few select training cities.

Barriers to Serving as Employment Networks:

Mission Possible's experience with the Employment Network program demonstrates that it can provide valuable services to SSDI/SSI recipients who want to attempt to work. However, the process of being designated as an EN is unnecessarily bureaucratic and time consuming. This discourages many entities from even trying to get involved in return-to-work efforts. We have a potential partner who should have been approved as an EN. His company wrote a 50-page business plan and submitted an application to become an EN. They were denied due to lack of experience, but as a disability representative, he has vocational experience and knowledge of work.

Our recommendations include:

- We've advocated that all Medicare representatives and all EDPNA's be approved as "suitable" instantly as they have the same background requirements. Our partners have thousands of potential TTW clients, and they can't even get started until suitability is approved. These potential EN's and Partners have represented many clients in the disability process or with Medicare.
- SSA needs to assure that local offices process work and earnings in a timely manner for Ticket holders. Delays create overpayments and make it impossible for EN's to receive payments after receiving a Ticket assignment and providing employment supports.
- SSA should reconsider their policy of calculating Self-Employment by the yearly income, not the monthly income. This creates an issue for seasonal workers who work 3–4 months, and their income is calculated by 12 months. They can instantly be in an overpayment or not get a true Trial Work Period. This causes confusion and inconsistency which we are always trying to correct with Social Security. TTW used to have a monthly reporting form for those in the Trial Work Period and it seemed to work fairly well. We were never informed as to why it was discontinued.
- SSA should make training for field office staff on work rules a priority. The field office staff are often untrained in the TTW rules, IRWE's and Subsidies, and can sometimes be rude. The wait time to reach the SSA field office is typically an hour, often takes multiple calls, and results in clients and EN staff getting hung up on after waiting. Resolving issues is challenging at best for us, and worse for our clients who don't understand the process, language, or what to ask. Communication is a two-way street, but we often feel like it is a one-way road. We input but get very little output which impedes our ability to serve our clients successfully. SSA delays and wait times cause much waste of our time. Emails often bounce back from Social Security and Cognosante and phone calls are not being returned, when we do have a phone number to contact someone directly.
- SSA should review and revise communications regarding overpayments. Social Security's letters to participants are often threatening and at times not understandable, even to the educated among our clients. Letters regarding TTW assignment mandates, overpayment issues and continuing disability reviews are unclear and terrifying for our clients. The psychological toll of a large overpayment can be serious. This past month, our office has had four clients suicidal due to overpayments. The new rule starting in June will truly be a life saver. It doesn't make business sense to represent clients who are dealing with overpayments. They are a hassle; fee petitions are not considered, and our money is hostage in an escrow account for years. But we often do assist with overpayments just to help people.
- Those who qualify for benefits should be given information on their return-to-work options at the point they are approved. Judges are not trained to understand that a client can be approved for disability and return to work. As one suggestion, ALJs and approval letters could ask approved clients to watch a video explaining the TTW and provide EN contact information.

VR counselors also should receive better training. TTW is not understood by Vocational Rehabilitation counselors. We've had multiple meetings with Alaska and Idaho counselors to explain the process and procedures.

- SSA/Cognosante should not be so eager to urge ENs to drop clients who are not making progress. We often work with clients who are making slow but steady progress, and we think they will successfully work. Often, dropped clients from other agencies will then contact us, asking us to assign their Ticket to be on our rolls. It doesn't cost anyone but the EN to keep those clients so the reasoning behind this request is confusing.

  Two-way communication should not be a measure of an EN's work. Our contract states we must have monthly, two-way contact with our clients starting from the work plan signature date through the TWP. Then quarterly contact through EPE. Often our clients do not return phone calls, emails, texts, certified mail. They move, lose their phones, can't afford phones, work remotely (*i.e.,* crab fishermen in Alaska or remote workers in the oil fields). Some do not communicate well due to exhaustion from working, poor communication abilities, low functioning IQs, physical and mental health challenges/setbacks. Our clients are disabled and that needs to be taken into consideration. We do our job and can't always have a two-way communication, but not for lack of trying on our part. This is not a reasonable measure of the quality of our work.

Conclusion

SSA disability beneficiaries have met a strict definition of disability. Most will never regain the capacity to support themselves and their families through work. However, it is good public policy for SSA to encourage and support those who want to attempt to work again. SSA should streamline and simplify its return-to-work programs and incentives; provide training to SSA staff and disability beneficiaries about these programs; timely process earnings statements and the resulting adjustments to benefits; and make it easier to communicate with field offices about earnings and other changes to employment for those attempting to work. In addition, SSA should remove the existing disincentives to qualifying as an Employment Network for those who already have undergone background checks and have existing relationships with SSA, and assure that their requirements reflect the need to assure that ENs are effectively delivering services.

Thank you for the opportunity to submit this statement.

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WIPA FUNDING

Senate Finance Committee,

In July 2021, Montana State University Billings Montana Center for Inclusive Education was awarded a Work Incentives Planning and Assistance cooperative agreement grant for 5-years. We currently have five community work incentives counselors serving Montana, Idaho, North Dakota, and South Dakota. Our WIPA budget needs a funding boost to be able to hire more community work incentive coordinators. We work with the following subcontractors RISE, Inc, Rehab Services, Inc, and Black Hills Special Services Cooperative. They help by providing ongoing benefits counseling services. We need more funding to be able to manage the number of referrals that we receive from SSA's helpline.

Tiffany Costa, MHA
Work Incentive Planning and Assistance Project Director
Community Work Incentive Coordinator

Resources: *https://www.msubillings.edu/socialsecurity/*.

NATIONAL INDUSTRIES FOR THE BLIND
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Statement of Rick Webster, Vice President, Public Policy

Background

National Industries for the Blind (NIB) takes great interest in several important matters discussed at the Senate Finance Committee's recent hearing on work and Social Security disability benefits.

NIB is a national nonprofit organization based in Alexandria, Virginia that works on behalf of a network of 100 nonprofit organizations (commonly referred to as nonprofit agencies) around the country that provide employment and/or rehabilitative services for Americans who are blind.

Nearly 60 of those nonprofit agencies are businesses that create employment for people who are blind through the manufacture of products or the provision of professional services at the federal level through the AbilityOne Program, at the state level through state use programs, and for commercial customers.

SSDI "Cash Cliff" Challenge

While there was important discussion regarding outdated asset limit rules with Supplemental Security Income (SSI), overpayments by the Social Security Administration (SSA), and an outdated jobs database maintained by SSA, the issue that caught our attention concerns Social Security Disability Insurance (SSDI) and the challenge posed by the SSDI (or DI) "cash cliff."

Senator Whitehouse from Rhode Island spoke about this issue well in describing a constituent who was receiving DI benefits and unknowingly exceeded the SGA (Substantial Gainful Activity) threshold. According to the Senator, the constituent was dropped from the rolls and sent a letter requesting $17,000 for overpayments.

For years, we have known how harmful the SSDI cash cliff is for those in our community that have earned this benefit, returned to work, and are limited in their earnings due to the SGA threshold. In 2017 and 2018, we distributed an employee survey to individuals working in our network who are blind in order to gather data on the SSDI cash cliff challenge and its impact on the individual. One-third of all employees who are blind responded to the survey, and here is what we learned:

(1) 70 percent of the people who are blind and working in our network of nonprofit agencies were receiving DI benefits.
(2) 21 percent of respondents turned down a raise or promotion to retain their SSDI benefits.
(3) 37 percent of respondents turned down additional hours, or asked to reduce hours, to retain their SSDI benefits.
(4) 80 percent of respondents did not have access to coaching or guidance on federal benefits.
[**NOTE:** We believe this was more of a perception issue, but in response we engaged Mathematica Research to create a comprehensive toolkit for our nonprofit agencies to supplement their benefits counseling for employees receiving DI benefits.]

NIB will soon be reissuing this survey to employees that are blind, and we fully expect to see that the number of DI beneficiaries turning down raises, promotions, or additional hours of work has grown over the last 5–6 years.

While some researchers are skeptical regarding the prevalence of "parking" (a concept in which individuals monitor and manage their monthly income and hover just below the SGA threshold) we know this occurs with frequency in our program. Many employees who are blind and receiving DI often request to take off an SSDI day or 2 before the end of the month to remain just below the threshold and not risk losing their earned benefit.

The SSDI cash cliff serves as a major barrier to career advancement for employees who are blind, especially for older employees that may not be seeking additional training or academic degrees. Younger employees may decide to forego their DI benefits, knowing they can earn degrees, training, and skills, because they have a longer timeline to take what they term as "the leap of faith" to relinquish SSDI. While they will see their monthly earnings dip for a time, they are at least freed up and able to earn whatever their ambitions, persistence, and hard work will provide.

But, since employees who are blind and working in our network skew older, simply put, many of these employees are stuck in their careers. They are not only "parked" under the SGA threshold, but they are also parked or in reverse in terms of their earnings. It is becoming increasingly common for DI beneficiaries to convert from full-time to part-time jobs since they fear losing DI and associated health benefits.

This is a lose-lose for both DI beneficiaries as well as the federal government. For those parked below SGA, they are not leaving the DI rolls and the federal government will not experience any savings in DI outlays as people are not going to risk exceeding SGA and losing their entire benefit.

And as already described, the DI beneficiary is stuck, with only annual, modest increases in the SGA level.

The Solution

The obvious and common sense solution to this challenge is the two-for-one benefit offset allowing DI beneficiaries to earn $2 over the SGA threshold and simply lose $1 of benefits. The cliff is converted into a glide path; DI beneficiaries are freed up to accept promotions, pay increases, and additional hours of work; and the federal government can actually see payments to these individuals decrease over time.

While the benefit offset was tested in both BOND (Benefit Offset National Demonstration) and POD (Promoting Opportunity Demonstration), it is well documented that these demonstration projects yielded disappointing results due to confusing rules and ineffective communication.

It was mentioned during the hearing that neither BOND nor POD resulted in people leaving the DI rolls, but this is an unrealistic expectation as it would have been nearly impossible for an individual to exceed SGA to such an extent they would completely work their way off the DI benefit within the timeframe of either of these demonstration projects.

The realistic expectation and desired outcome should be freeing up individuals to advance further in their careers and earnings, while seeing their DI benefit decrease over time, resulting in cost savings to the federal government.

While there are those that would prefer to have beneficiaries drop off the DI rolls completely or fall off the cash cliff, thereby costing the federal government fewer dollars, they fail to imagine a scenario where these employees and the federal government can both experience a win: higher earnings for the employee and cost savings for the federal government.

We welcome the opportunity to meet with staff from the Senate Finance Committee to discuss further the ideas we have for testing the two-for-one benefit offset with a ready-made cohort of over 3,000 individuals who are eager to earn higher pay and advance their careers while their DI benefits gradually decrease.

We can prove that earning more and reducing benefits gradually is a far better solution than the ongoing threat of the cash cliff that only stalls careers for many who work but need to retain their DI benefit to achieve economic success.

Let's work together to get people's careers out of "park" and moving forward with this simple solution that has broad support. Both the overall issue and the benefit offset solution have been studied by Congress for decades. Now is the time to act!

Thank you.

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July 1, 2024

U.S. Senate
Committee on Finance
219 Dirksen Senate Office Bldg.
Washington, DC 20510–6200

Dear Chairman Wyden, Ranking Member Crapo, and distinguished members of the Senate Committee on Finance,

Thank you for holding a hearing and allowing comments on the importance of work and Social Security disability. The National Organization of Social Security Claimants' Representatives (NOSSCR) (1300 I St., NW, Suite 825, Washington, DC 20005) is a specialized bar association of several thousand attorneys and advocates who represent Social Security disability claimants nationwide throughout the adjudicative process. NOSSCR's mission is to advocate for improvements in Social Security disability programs and to ensure that individuals with disabilities applying for Social Security Disability and SSI benefits have access to highly qualified representation and receive fair decisions.

Current State of Ticket to Work

The Ticket to Work and Work Incentives Improvement Act of 1999[1] was signed into law with strong political support—a vote of 418–2 in the House and 95–1 in the Senate.[2] Unfortunately, the program has been woefully underutilized since its inception, leading to understandable disappointment among many elected and agency officials. That is not to say that the program is a failure. As Social Security's analysis details,[3] the program works as intended; however, its success is limited by a series of correctable roadblocks. Proper system management and oversight, participant incentivization, and program awareness could drastically change the landscape—all while improving trust fund solvency,[4] reducing earnings-related overpayments, and bettering the lives of SSDI and SSI beneficiaries who simply want to work within their capabilities or exit SSA's disability programs without financial or insurance trauma.

Current Ticket to Work low participation results from education campaigns that are not targeted to the beneficiaries with the highest odds of success in returning to work, and from education provided at times disconnected from the beneficiary's actual stage in the claims management process.

When it comes to work, disability beneficiaries live in fear of two things simultaneously: (1) a surprise Continuing Disability Review (CDR) at a time when minimal work activity will make them appear to be no longer disabled, threatening their financial security and health insurance, and (2) that by working they will immediately lose benefits and potentially incur a costly overpayment (lacking access to guidance regarding work incentives protections). If properly executed, Ticket to Work alleviates both concerns.

Current CDR notices are shrouded in mystery. While SSA offers guidelines for when they might conduct the CDR (ranging from 6 months to 7 years), there is no clear indication to the beneficiary that a CDR is imminent—until they receive a notice that it is already underway.[5] This has a chilling effect on work activity, worsened because beneficiaries are unaware of the thousands of professionals (work incentives planning and assistance (WIPA), state vocational rehabilitation, and Employment Network entities) who can guide them through SSA's complicated return-to-work protections without cost. Education is not targeted to these claimants, who opt to avoid the risks of work to protect their eligibility status—prolonging their years on SSDI, SSI, and Medicare beyond what healthy "claim management" would produce.

Current policy protects beneficiaries from CDRs who are actively participating in the Ticket to Work program,[6] and we propose that SSA take this one step further: remove the mystery, tell beneficiaries where they are in the process (*e.g.,* that they are in the group of medical-improvement-expected upcoming/postponed CDRs) and offer the beneficiary the services of an Employment Network (the aspect of Ticket to Work poised for expansion) at exactly the right time. We believe this will produce dramatically better outcomes for Ticket to Work rates of participation, thereby leading to additional exits from the disability rolls.

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[1] Pub. L. 106–170, *https://www.govinfo.gov/content/pkg/PLAW-106publ170/pdf/PLAW-106publ170.pdf*.

[2] H.R. 1180—106th Congress (1999–2000) All Actions, *https://www.congress.gov/bill/106th-congress/house-bill/1180/all-actions*.

[3] Social Security Bulletin, Vol. 83, No. 1, 2023, Effects of the Ticket to Work Program: Return on Investment and Overall Assessment of Outcomes Versus Design, Paul O'Leary and Emily Roessel, *https://www.ssa.gov/policy/docs/ssb/v83n1/v83n1p1.pdf*.

[4] We proposed expansion of SSA's calculation of "benefits forgone for work" (BFW) to include resulting savings to the Medicare trust fund, in addition to saved payments from the DI trust fund and from SSI, *https://www.ssa.gov/disabilityresearch/documents/daf/V03.%20DAF19_Tips%20for%20conducting%20analysis.pdf*.

[5] POMS DI 28001.020, *https://secure.ssa.gov/poms.nsf/lnx/0428001020*.

[6] SSA Red Book, 2023, p. 25, *https://www.ssa.gov/pubs/EN-64-030.pdf*.

Possible Future

Increased Ticket to Work participation could remedy the shockingly low figures for beneficiaries exiting the rolls to work (3.2 percent according to a study covering 2006–2016).[7] In 2015, Mathematica estimated that "18 percent of new SSDI beneficiaries are able to engage in substantial gainful activity (SGA) . . . within 2 years after entering the program. . . . [W]ith just modest assistance, more than 120,000 could have returned to work but did not."[8] Using SSA's "benefits forgone for work" (BFW) figures, that's a potential savings of more than $4 billion per year to the trust fund (not considering savings to Medicare). That estimate is conservative, as medicine has advanced since 2015, as have the methods used by vocational rehabilitation counselors and coaches, both of which should yield even higher savings.

Ticket to Work participants avoid CDRs, get job placement and coaching services along with professional guidance about SSA's work incentives and overpayment avoidance rules. Employment Network contractors manage paperwork for the beneficiary and support a transition from SSDI/SSI to substantial work activity for up to 7 years—with Medicare extended for more than 7 years after a Trial Work Period.[9] Claimants often can and want to return to work, and Ticket to Work is useful program that could become a vital part of health claim management and further SSA's mission to get payments to the correct beneficiaries.

A CDR avoided by a beneficiary is also a CDR not conducted by a DDS. This represents crucial time and financial savings at a moment when processing times are frustratingly long.

Path Forward

I. Emphasize Training

Enabling SSA to elevate personnel with knowledge of these vocational rehabilitation programs, and to train additional staff to be well-versed in the available options, would significantly increase beneficiary participation.

Each Social Security field office is intended to have a Work Incentive Liaison with specialized training in work rules and procedures, yet our data shows that many offices do not have or cannot identify this person. Moreover, many Area Work Incentives Coordinator positions, those who are meant to provide regional oversight, remain unfilled by the agency. Amplifying and incentivizing these positions will help these vocational rehabilitation programs succeed.

II. Drop Barriers for Those with Expertise

Currently, the only people in the United States who are unable to report wages for another individual are staff from SSA-funded Work Incentives Planning and Assistance programs (WIPA) and staff from Employment Networks (EN). This is nonsensical as these organizations are the very sources who are in the best position to help verify and report this information. Accurate and timely reporting of wages and work incentives is crucial to the success of vocational rehabilitation programs. SSA should immediately eliminate all barriers to reporting for those with the knowledge to do so.

Moreover, SSA should create simplified, automated systems for reporting wages and work incentives without requiring multiple points of contact. Much like uploading a check to a bank via mobile deposit, a participant in vocational rehabilitation should be able to easily submit their wages and work incentives documentation without unnecessary administrative barriers.

SSA should also utilize these trained professionals for completion of forms like the SSA–4290 and 3033. Nationwide, work incentives planners already hold the needed data and have the capacity to share it with the agency. If the agency allows completion of these forms by those already holding the needed data, the agency will improve the accuracy of the collected data and alleviate the workload burden on internal staff who must currently attempt to navigate this complex process. This, in turn, will free up agency staff to continue the important work of reducing the backlog and continuing to improve the overpayment landscape.

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[7] *https://www.ssa.gov/policy/docs/ssb/v83n1/v83n1p1.html.*

[8] *https://www.mathematica.org/publications/assessing-the-costs-and-benefits-of-returntowork-programs.*

[9] *https://choosework.ssa.gov/about/faqs/#:~:text=If%20you%20currently%20receive%20medical,of%20your%20Trial%20Work%20Period.*

III. Prioritize Timely Communication

Instead of waiting for the costly CDR process to initiate, the agency should be sending targeted communication to those who are on the cusp of these reviews, alerting them to the availability of vocational rehabilitation services, and introducing them to private companies who will then be in touch with additional materials and guidance. This reduces the burden on the agency and allows the private market to absorb costs, while furthering the agency's mission.

Information blasts and education campaigns can help increase public awareness and participation in these programs. Straightforward plain-language explanations regarding what is at stake and what can be done can drastically increase program participation. Estimates have shown that a significant portion of the beneficiary population is ripe for participation in TTW programs; and yet, to date, program participation remains stymied below 3 percent.[10] It is time for this to change, and we believe that proper communication with the public is a crucial step forward.

Conclusion

We are pleased to see the Senate's commitment to addressing the challenges and creating opportunities for those disability beneficiaries who are ripe for work. We believe that with a few minor changes, the existing programs could return major dividends. NOSSCR remains committed to sensible improvements within Social Security that enhance agency programs while protecting and serving eligible beneficiaries and we look forward to ongoing dialogue with your Committee and the agency to accomplish these goals.

Sincerely,

David Camp
Chief Executive Officer

OREGON COUNCIL ON DEVELOPMENTAL DISABILITIES ET AL.
2475 SE Ladd Ave., #231
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June 17, 2024

From: Matt Serres, Policy Director

Re: Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities (June 18, 2024)

Dear Chair Wyden and Members of the Committee:

The Oregon Council on Developmental Disabilities (OCDD) works to create change so that people with intellectual and developmental disabilities (I/DD) can live full lives as valued members of their communities. Barriers to work, particularly those that jeopardize ongoing Social Security benefits, stand in the way of opportunities for individuals with I/DD and other disabilities to live their fullest lives.

Americans with disabilities should be able to accrue assets just like everyone else. Those accrued assets help Americans achieve major life goals. People with disabilities do not have the same opportunity to achieve goals like making a down payment for a home, saving for retirement, buying a new car, investing in a child's education, planning for a wedding, building a rainy-day fund, providing for descendants, or developing a business. While those ordinary goals are a central part of American life, asset limits to maintain public benefits put them out of the reach for many people with disabilities. Inequality in the ability to accrue assets is in large part caused by the need to maintain means tested benefits that are necessary for survival. For persons with disabilities, inequity in the ability to build assets reduces work opportunities and creates obstacles to achieving life goals that other Americans enjoy.

Oregon has led the way in removing some key barriers to work for people with I/DD. In 2015, the State of Oregon settled a class action lawsuit that claimed the state violated the Americans with Disabilities Act by segregating individuals with disabilities in sheltered workshops that paid people with I/DD less than the minimum wage. Those sheltered workshops also provided no opportunity for interaction with non-disabled peers. As a result of the settlement agreement, those who once

[10] The Social Security Administration's Programs and Projects that Assist Beneficiaries in Returning to Work. A–04–18–50600, November 2018, pgs. 9–10, *https://www.oversight.gov/sites/default/files/oig-reports/A-04-18-50600.pdf.*

worked in the confines of sheltered workshops can obtain competitive integrated employment in the community. Since the lawsuit settled, Oregon Developmental Disabilities Services (ODDS) and Vocational Rehabilitation (VR) have connected thousands more Oregonians with disabilities with employment services. In 2023, Oregon has led the way alongside a few other states in ending subminimum wage "certificates" through the 14(c) program that permits employers to pay individuals with disabilities below the federal minimum.

The reason for Oregon's success in closing sheltered workshops and bringing an end to subminimum wages lies in the perseverance of self-advocates and community organizations who educated policymakers that employment is for everyone, and who worked in partnership alongside government agencies like the Oregon Department of Human Services (ODHS). Workplace inclusion and the idea that integrated community employment is the first and preferred option for people with disabilities ("Employment First") is a key component of full community inclusion.

Social Security's "work incentives" work hand-in-hand with the concept of "Employment First" to make sure that individuals with disabilities can attempt to work or return to work. Work incentives are special rules that make it possible for people with disabilities receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) to work and still receive monthly payments, as well as Medicare, Medicaid, or other benefits. Those benefits include services to live at home, get and keep a job, and get around in their community.

For example, for recipients of SSDI, the continuation of Medicare coverage work incentive allows people with I/DD and other disabilities to test their ability to work without the fear of an unsuccessful work attempt leaving them suddenly at risk and medically uninsured. Continuation guarantees that, once a 9-month "Trial Work Period" is complete, cash benefits may eventually cease but health care may continue for a period of more than 7 years. Additionally, those who have successfully returned to work can buy Medicare coverage so long as you have a disability. The ability to continue Medicare as a work incentive has helped individuals who receive SSDI benefits to attempt to work while still having access to critical hospital care, prescription drug coverage, and supplemental medical insurance they need.

Strict Asset and Earning Limits Discourage Individuals With Disabilities From Exploring Their Full Potential To Work for Fear of Losing Benefits They Count on To Live and Work in Their Community

Asset and earning limits regularly place persons with disabilities at risk of losing access to Supplemental Security Income (SSI), Oregon's "Employed Persons with Disabilities" program, or the federal Disabled Adult Child (DAC) benefit. Subsistence income, adequate health insurance, and financial resources for people with intellectual and developmental disabilities as they transition into adulthood are things that Social Security disability beneficiaries cannot afford to lose. Yet maintaining access to those programs and benefits means that persons with disabilities cannot accrue assets. Addressing draconian asset and earning limits is not simply about maintaining that access, however. It is also about giving persons with disabilities the necessary resources to live their fullest lives and achieve goals such as:

- Homeownership and independent living
- Higher education
- Getting and keeping a job
- Marriage
- Retirement
- Providing for loved ones after they're gone

Asset and earning restrictions to maintain benefits and services should not be so restrictive as to deny people with disabilities those basic aspects of American life.

Harsh and outdated asset limits disqualify more than 100,000 Americans every year from continued Supplemental Security Income (SSI) benefits and often penalize them with severe consequences. A tiny asset limit of $2,000 has not been increased despite inflation since 1989.[1] For individuals with disabilities, that antiquated sum means that an attempt to earn substantial income could easily jeopardize the subsistence income that SSI represents. An increase of the asset limit to $10,000 would simply adjust the limit in light of over 3 decades of inflation. Raising the asset limit

[1] Shapiro, Joseph. *National Public Radio.* "These Disabled People Tried to Play by the Rules—It Cost Them Their Federal Benefits" (June 8, 2024). (Available at *https://www.npr.org/2024/06/08/g-s1-3475/social-security-ssi-asset-limits*).

to $100,000 per beneficiary would be consistent with the congressionally approved Achieving a Better Life Experience (ABLE) account asset limits that do not currently count against SSI resource limits. An increase from $2,000 to $100,000 would not dramatically increase the number of individuals receiving SSI. Such an adjustment is likely to increase SSI program participation by only about 6 percent.[2] Yet either increase is likely to have profound impacts for program participants and would encourage people with disabilities to fulfill life goals such as attempting to work without loss of other benefits and services they need.

Savings accounts such as an ABLE account help encourage work by excluding significant assets from means-tested public benefits programs such as Supplemental Security Income (SSI). ABLE accounts are not available to all persons with disabilities, however. Currently, in order to qualify, the onset of the disability must have been before the age of 26, although that eligibility age is supposed to rise to 46 in 2026. Other restrictions on ABLE accounts that limit their potential for creating financial stability include restrictions on annual contributions and requirements that ABLE account funds be used only for qualified disability-related expenses. While ABLE accounts allow more assets to be excluded for purposes of SSI eligibility, the accounts discourage higher-paying jobs since SSI payments will be suspended if ABLE assets exceed $100,000. Typically protected from creditors, ABLE accounts are still subject to a payback provision that requires reimbursement to the state for Medicaid benefits from ABLE funds after death. The Medicaid reimbursements come from funds that otherwise would have been available to heirs or beneficiaries of the original ABLE account holder.

Akin to the continuation of Medicare coverage for SSDI beneficiaries, another incentive to work is a Medicaid program called "Employed Persons with Disabilities" (EPD) administered by the Oregon Department of Human Services (ODHS). The federal work incentive ("Buy-In") program it administers allows working persons with disabilities to retain insurance for which they are eligible and/or qualify. The program also helps to support people to keep Medicaid-related Developmental Disability services. To be eligible for the program in Oregon, you must have a disability, be employed, have countable assets of $5,000 or less, and earned no more than 250 percent of the federal poverty level. However, the eligibility limits related to countable assets and earned income pose a barrier to full engagement in work for people with disabilities, because the amounts that disqualify workers from the program are so small. A state legislative proposal sought to eliminate the asset limits, but that proposal did not pass.

Like the EPD program, the Disabled Adult Child (DAC) benefit has the potential to be a strong work incentive for people with intellectual or developmental disabilities. DAC essentially makes Social Security benefits available based on the earning record of the parent of a person with I/DD. An adult who has a disability that began before age 22 may be eligible for benefits based on their parents' work history. However, like EPD, the eligibility limits related to earnings discourage many people with I/DD from engaging in competitive, integrated employment. If an individual with I/DD receiving DAC benefits makes substantial earnings, then the benefit comes to an end. In 2024, that meant that DAC beneficiaries could not earn more than $1,550 a month (or $2,590 a month if you're blind). A federal legislative proposal sought to eliminate the earnings limits, but that proposal—the Work Without Worry Act—has yet to pass into law.

Increasing the limits on assets and earnings, particularly with respect to SSI, would help people with disabilities strive toward major life goals with the same freedom as their fellow Americans. Persons with disabilities would be able to accept a job or receive a small raise at work, for instance, without the loss of crucial benefits and services.

The Confusion and Complexity of Social Security Administration (SSA) Rules Leads to Devastating Consequences for the Financial Futures of Persons With Disabilities

SSA's asset limits, earning restrictions, and other "work incentive" regulations are so confusing and complex that they create unanticipated barriers for persons with disabilities attempting to work. For example, the labyrinth of rules surrounding any

[2] Kathleen Romig, Luis Nunez, and Arloc Sherman. *Center on Budget and Policy Priorities.* "The Case for Updating SSI Asset Limits: Raising or Eliminating Limits Would Reduce Administrative Burdens without Dramatically Increasing Enrollment" (September 20, 2023). (Available at *https://www.cbpp.org/research/social-security/the-case-for-updating-ssi-asset-limits*).

attempt to work while receiving Social Security benefits often leads SSA to issue benefit checks that exceed the amount that the SSI/SSDI programs actually permit. Those mistakes have enormous consequences on persons with disabilities, when months or years later, SSA informs the beneficiary that they have been overpaid and that they need to pay all the money back. Overpayment recovery efforts not only lead to initial shock and confusion, but also sudden reductions in benefits and stifling debt recovery actions by SSA. Some of the lowest income individuals in the country may not only lose their primary source of income but also be forced to pay back benefits totaling in the tens of thousands of dollars, while losing access to programs that help them live and work in the community. Even if the alleged overpayment is no fault of the beneficiary, the process to challenge such allegations administratively is opaque and difficult to navigate not only for people with disabilities, but also for those assisting them. In any case, rarely are beneficiaries faced with overpayment recovery actions by SSA represented by legal counsel.

There are many examples of the serpentine system that persons with disabilities must follow to challenge or restore benefits following an alleged overpayment. Moreover, the rules to challenging an overpayment and to restoring benefits are indicative of the confusion and complexity surrounding any attempt to work while on benefits.

For example, those accused of accepting an overpayment can request that Social Security Administration suspend collection on the overpayment pending the outcome of a contested case hearing. However, SSA will only honor such a request if it is made within 30 days of when the notice of overpayment had been received. "Requests for Reconsideration" of SSA's determination must be submitted within 60 days, and usually lead to informal case resolution conferences or administrative hearings where the persons with disabilities are at a clear disadvantage. After receiving a notice of overpayment, beneficiaries must quickly navigate a broken system for communicating with SSA that typically leads to poor response times and very few answers. Even getting hold of your local Social Security office sometimes seems impossible.

In many cases, individuals will simply agree to a repayment plan given the lack of resources to challenge the overpayment claims. If they are still receiving benefits, then repayment usually involves a monthly reduction in their benefits, which is key survival income. If benefits have been terminated, then repayment may pose an insurmountable challenge.

If benefits ended because an individual worked and had too many earnings, they can request that benefits start again without having to complete an application through the Expedited Reinstatement (EXR) process. However, benefits will only be reinstated if they (1) cannot earn above the "Substantial Gainful Activity" (SGA) level, which is currently $1,550 a month (or $2,590 a month if you're blind); (2) are unable to perform SGA in the month of the request; (3) have current impairments similar to their original disabling impairments; and (4) request EXR within 5 years from when benefits stopped.[3] Those requirements are not to be confused with rules regarding "Extended Period of Eligibility", which is a 36-month period during which a beneficiary can be re-entitled to benefits if his or her work activity falls below the SGA level.[4] Reinstatement processes are confusing to persons with disabilities, as well as to the benefit planners and SSA staff certified to assist them.

Benefits Counseling Serves as a Cornerstone of any Successful Return to Work Yet Delays in Reaching a Counselor May Lead to Mistakes or Loss of Job Opportunities

The rules around planning for work while receiving Social Security benefits are so confusing and complex that it takes a network of benefits experts to assist people with disabilities in navigating them. Financial literacy is a key for individuals with disabilities to gain independence and make informed choices. Understanding concepts like budgeting, saving, and Social Security work incentives empower individuals with I/DD and other disabilities to manage resources and achieve their employment-related goals. The "Plan for Work" program at Disability Rights Oregon

[3] Social Security Administration Website. "Understanding Supplemental Security Income Expedited Payments—2024 Edition." (Accessed June 13, 2024). (Available at *https://www.ssa.gov/ssi/text-expedite-ussi.htm*)

[4] Social Security Administration. *Program Operations Manual System (POMS)*. "DI 13010.210 Extended Period of Eligibility (EPE)—Overview" (February 27, 2024). (Available at *https://secure.ssa.gov/poms.nsf/lnx/0413010210#:~:text=The%20EPE%20provides%20a%2036,until%20a%20beneficiary%20performs%20SGA*.)

(DRO) and a similar program operated by ODHS called the "Work Incentive Network" (WIN) offer free benefits counseling to Oregonians with disabilities who are interested in working. The regulations concerning Social Security work incentives are so difficult to understand that benefits counselors must undergo rigorous training and certification from SSA.

When consulting with a benefits counselor, Social Security disability beneficiaries can obtain information about how work and work incentives may affect their benefits. Community Work Incentive Coordinators help those individuals understand how to increase financial stability and independence, while seeking out competitive, integrated employment opportunities. They also reduce the likelihood of unnecessarily losing benefits or having to grapple with overpayments.

Despite the obvious benefits of the DRO Plan for Work and ODHS WIN programs, persons with disabilities usually must wait weeks and sometimes months to speak with a benefits counselor. Those delays increase the risk of running afoul of SSA's work incentive rules leading to benefits termination or overpayment claims. Faced with those delays, persons with disabilities sometimes must even turn down job offers. Without expert advice, the uncertainty regarding Social Security's rules regarding working while receiving benefits puts individuals at risk of trading the services needed to survive in exchange for the opportunity to work.

Social Security work incentives create new opportunities for people with disabilities to explore work while still receiving benefits. Despite those incentives, strict asset and earnings limits coupled with difficult to understand program rules expose people with intellectual and developmental disabilities and other disabilities to loss of benefits and possible overpayments. Increasing or eliminating asset and earned income limits, streamlining rules, and connecting persons with disabilities with skilled benefits counselors are several ways that state and federal policymakers can support them in achieving not only integration into the workplace but also many of the life goals that every American should be given the opportunity to achieve.

The above statement is endorsed by the following:

Oregon Council on Developmental Disabilities (OCDD)

Disability Rights Oregon (DRO)

Disability Health and Employment Equity Coalition

Oregon State Rehabilitation Council (SRC)

OREGON DEPARTMENT OF HUMAN SERVICES
Office of the Director
500 Summer St., NE, E–15
Salem, OR 97301

June 17, 2024

The Honorable Ron Wyden
Chairman
U.S. Senate
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member
U.S. Senate
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Re: Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities (June 18, 2024)

Dear Senators Wyden and Crapo and Members of the Committee:

The Oregon Council on Developmental Disabilities (OCDD) works to create change so that people with intellectual and developmental disabilities (I/DD) can live full lives as valued members of their communities. Barriers to work, particularly those that jeopardize ongoing Social Security benefits, stand in the way of opportunities for individuals with I/DD and other disabilities to live their fullest lives.

Americans with disabilities should be able to accrue assets just like everyone else. Those accrued assets help Americans achieve major life goals. People with disabilities do not have the same opportunity to achieve goals like making a down payment for a home, saving for retirement, buying a new car, investing in a child's education, planning for a wedding, building a rainy-day fund, providing for descendants, or developing a business. While those ordinary goals are a central part of American life, asset limits to maintain public benefits put them out of the reach for many people with disabilities. Inequality in the ability to accrue assets is in large part caused by the need to maintain means tested benefits that are necessary for survival. For persons with disabilities, inequity in the ability to build assets reduces work opportunities and creates obstacles to achieving life goals that other Americans enjoy.

Oregon has led the way in removing some key barriers to work for people with I/DD. In 2015, the State of Oregon settled a class action lawsuit that claimed the state violated the Americans with Disabilities Act by segregating individuals with disabilities in sheltered workshops that paid people with I/DD less than the minimum wage. Those sheltered workshops also provided no opportunity for interaction with non-disabled peers. As a result of the settlement agreement, those who once worked in the confines of sheltered workshops can obtain competitive integrated employment in the community. Since the lawsuit settled, Oregon Developmental Disabilities Services (ODDS) and Vocational Rehabilitation (VR) have connected thousands more Oregonians with disabilities with employment services. In 2023, Oregon has led the way alongside a few other states in ending subminimum wage "certificates" through the 14(c) program that permits employers to pay individuals with disabilities below the federal minimum.

The reason for Oregon's success in closing sheltered workshops and bringing an end to subminimum wages lies in the perseverance of self-advocates and community organizations who educated policymakers that employment is for everyone, and who worked in partnership alongside government agencies like the Oregon Department of Human Services (ODHS). Workplace inclusion and the idea that integrated community employment is the first and preferred option for people with disabilities ("Employment First") is a key component of full community inclusion.

Social Security's "work incentives" work hand-in-hand with the concept of "Employment First" to make sure that individuals with disabilities can attempt to work or return to work. Work incentives are special rules that make it possible for people with disabilities receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) to work and still receive monthly payments, as well as Medicare, Medicaid, or other benefits. Those benefits include services to live at home, get and keep a job, and get around in their community.

For example, for recipients of SSDI, the continuation of Medicare coverage work incentive allows people with I/DD and other disabilities to test their ability to work without the fear of an unsuccessful work attempt leaving them suddenly at risk and medically uninsured. Continuation guarantees that, once a 9-month "Trial Work Period" is complete, cash benefits may eventually cease but health care may continue for a period of more than 7 years. Additionally, those who have successfully returned to work can buy Medicare coverage so long as you have a disability. The ability to continue Medicare as a work incentive has helped individuals who receive SSDI benefits to attempt to work while still having access to critical hospital care, prescription drug coverage, and supplemental medical insurance they need.

Strict Asset and Earning Limits Discourage Individuals With Disabilities From Exploring Their Full Potential To Work for Fear of Losing Benefits They Count on To Live and Work in Their Community

Asset and earning limits regularly place persons with disabilities at risk of losing access to Supplemental Security Income (SSI), Oregon's "Employed Persons with Disabilities" program, or the federal Disabled Adult Child (DAC) benefit. Subsistence income, adequate health insurance, and financial resources for people with intellectual and developmental disabilities as they transition into adulthood are things that Social Security disability beneficiaries cannot afford to lose. Yet maintaining access to those programs and benefits means that persons with disabilities cannot accrue assets. Addressing draconian asset and earning limits is not simply about maintaining that access, however. It is also about giving persons with disabilities the necessary resources to live their fullest lives and achieve goals such as:

- Homeownership and independent living
- Higher education
- Getting and keeping a job

- Marriage
- Retirement
- Providing for loved ones after they're gone

Asset and earning restrictions to maintain benefits and services should not be so restrictive as to deny people with disabilities those basic aspects of American life.

Harsh and outdated asset limits disqualify more than 100,000 Americans every year from continued Supplemental Security Income (SSI) benefits and often penalize them with severe consequences. A tiny asset limit of $2,000 has not been increased despite inflation since 1989.[1] For individuals with disabilities, that antiquated sum means that an attempt to earn substantial income could easily jeopardize the subsistence income that SSI represents. An increase of the asset limit to $10,000 would simply adjust the limit in light of over 3 decades of inflation. Raising the asset limit to $100,000 per beneficiary would be consistent with the congressionally approved Achieving a Better Life Experience (ABLE) account asset limits that do not currently count against SSI resource limits. An increase from $2,000 to $100,000 would not dramatically increase the number of individuals receiving SSI. Such an adjustment is likely to increase SSI program participation by only about 6 percent.[2] Yet either increase is likely to have profound impacts for program participants and would encourage people with disabilities to fulfill life goals such as attempting to work without loss of other benefits and services they need.

Savings accounts such as an ABLE account help encourage work by excluding significant assets from means-tested public benefits programs such as Supplemental Security Income (SSI). ABLE accounts are not available to all persons with disabilities, however. Currently, in order to qualify, the onset of the disability must have been before the age of 26, although that eligibility age is supposed to rise to 46 in 2026. Other restrictions on ABLE accounts that limit their potential for creating financial stability include restrictions on annual contributions and requirements that ABLE account funds be used only for qualified disability-related expenses. While ABLE accounts allow more assets to be excluded for purposes of SSI eligibility, the accounts discourage higher-paying jobs since SSI payments will be suspended if ABLE assets exceed $100,000. Typically protected from creditors, ABLE accounts are still subject to a payback provision that requires reimbursement to the state for Medicaid benefits from ABLE funds after death. The Medicaid reimbursements come from funds that otherwise would have been available to heirs or beneficiaries of the original ABLE account holder.

Akin to the continuation of Medicare coverage for SSDI beneficiaries, another incentive to work is a Medicaid program called "Employed Persons with Disabilities" (EPD) administered by the Oregon Department of Human Services (DHS). The federal work incentive ("Buy-In") program it administers allows working persons with disabilities to retain insurance for which they are eligible and/or qualify. The program also helps to support people to keep Medicaid-related Developmental Disability services. To be eligible for the program in Oregon, you must have a disability, be employed, have countable assets of $5,000 or less, and earned no more than 250 percent of the federal poverty level. However, the eligibility limits related to countable assets and earned income pose a barrier to full engagement in work for people with disabilities, because the amounts that disqualify workers from the program are so small. A state legislative proposal sought to eliminate the asset limits, but that proposal did not pass.

Like the EPD program, the Disabled Adult Child (DAC) benefit has the potential to be a strong work incentive for people with intellectual or developmental disabilities. DAC essentially makes Social Security benefits available based on the earning record of the parent of a person with I/DD. An adult who has a disability that began before age 22 may be eligible for benefits based on their parents' work history. However, like EPD, the eligibility limits related to earnings discourage many people with I/DD from engaging in competitive, integrated employment. If an individual with I/DD receiving DAC benefits makes substantial earnings, then the benefit comes to an end. In 2024, that meant that DAC beneficiaries could not earn more than $1,550 a month (or $2,590 a month if you're blind). A federal legislative pro-

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[1] Shapiro, Joseph. *National Public Radio.* "These Disabled People Tried to Play by the Rules—It Cost Them Their Federal Benefits" (June 8, 2024). (Available at *https://www.npr.org/2024/06/08/g-s1-3475/social-security-ssi-asset-limits*).

[2] Kathleen Romig, Luis Nunez, and Arloc Sherman. *Center on Budget and Policy Priorities.* "The Case for Updating SSI Asset Limits: Raising or Eliminating Limits Would Reduce Administrative Burdens without Dramatically Increasing Enrollment" (September 20, 2023). (Available at *https://www.cbpp.org/research/social-security/the-case-for-updating-ssi-asset-limits*).

posal sought to eliminate the earnings limits, but that proposal—the Work Without Worry Act—has yet to pass into law.

Increasing the limits on assets and earnings, particularly with respect to SSI, would help people with disabilities strive toward major life goals with the same freedom as their fellow Americans. Persons with disabilities would be able to accept a job or receive a small raise at work, for instance, without the loss of crucial benefits and services.

The Confusion and Complexity of Social Security Administration (SSA) Rules Leads to Devastating Consequences for the Financial Futures of Persons With Disabilities

SSA's asset limits, earning restrictions, and other "work incentive" regulations are so confusing and complex that they create unanticipated barriers for persons with disabilities attempting to work. For example, the labyrinth of rules surrounding any attempt to work while receiving Social Security benefits often leads SSA to issue benefit checks that exceed the amount that the SSI/SSDI programs actually permit. Those mistakes have enormous consequences on persons with disabilities, when months or years later, SSA informs the beneficiary that they have been overpaid and that they need to pay all the money back. Overpayment recovery efforts not only lead to initial shock and confusion, but also sudden reductions in benefits and stifling debt recovery actions by SSA. Some of the lowest income individuals in the country may not only lose their primary source of income but also be forced to pay back benefits totaling in the tens of thousands of dollars, while losing access to programs that help them live and work in the community. Even if the alleged overpayment is no fault of the beneficiary, the process to challenge such allegations administratively is opaque and difficult to navigate not only for people with disabilities, but also for those assisting them. In any case, rarely are beneficiaries faced with overpayment recovery actions by SSA represented by legal counsel.

There are many examples of the serpentine system that persons with disabilities must follow to challenge or restore benefits following an alleged overpayment. Moreover, the rules to challenging an overpayment and to restoring benefits are indicative of the confusion and complexity surrounding any attempt to work while on benefits.

For example, those accused of accepting an overpayment can request that Social Security Administration suspend collection on the overpayment pending the outcome of a contested case hearing. However, SSA will only honor such a request if it is made within 30 days of when the notice of overpayment had been received. "Requests for Reconsideration" of SSA's determination must be submitted within 60 days, and usually lead to informal case resolution conferences or administrative hearings where the persons with disabilities are at a clear disadvantage. After receiving a notice of overpayment, beneficiaries must quickly navigate a broken system for communicating with SSA that typically leads to poor response times and very few answers. Even getting ahold of your local Social Security office sometimes seems impossible.

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Social Security work incentives create new opportunities for people with disabilities to explore work while still receiving benefits. Despite those incentives, strict asset and earnings limits coupled with difficult to understand program rules expose people with intellectual and developmental disabilities and other disabilities to loss of benefits and possible overpayments. Increasing or eliminating asset and earned income limits, streamlining rules, and connecting persons with disabilities with skilled benefits counselors are several ways that state and federal policymakers can support them in achieving not only integration into the workplace but also many of the life goals that every American should be given the opportunity to achieve.

Thank you,

Fariborz Pakseresht, Director
Oregon Department of Human Services

Matt Serres, Policy Director
Oregon Council on Developmental Disabilities

SOURCEAMERICA®

**Statement of Ricardo Terrazas,
Vice President of Government Affairs**

Chairman Wyden, Ranking Member Crapo, and Members of the Finance Committee, I appreciate the opportunity to provide testimony on behalf of SourceAmerica®, regarding Work and Social Security Disability Benefits: Addressing Challenges and Creating Opportunities. This hearing provides an important forum for the unique challenges people with disabilities face as they attempt to work and lead financially independent lives. We look forward to working with the Committee on

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[4] Social Security Administration. *Program Operations Manual System (POMS)*. "DI 13010.210 Extended Period of Eligibility (EPE)—Overview" (February 27, 2024). (Available at *https://secure.ssa.gov/poms.nsf/lnx/0413010210#:~:text=The%20EPE%20provides%20a%2036,until%20a%20beneficiary%20performs%20SGA*.)

Finance to address these issues and empower people with disabilities who desire meaningful and lasting employment.

As you are aware, SourceAmerica® and the National Industries for the Blind serve as the two Central Nonprofit Agencies that manage the AbilityOne® Program on behalf of the U.S. AbilityOne Commission®. Established in 1938, the Program leads the way in employing people with disabilities, currently employing approximately 36,000 individuals. SourceAmerica® has over 350 nonprofits in its AbilityOne® network and is proud of the employment opportunities provided, including those for the nearly 2,400 veterans across our network. Our nonprofits provide essential products and services to the federal government such as resupplying naval vessels, providing critical services at military installations and government buildings from maintenance to classified document handling, and making uniforms and American flags.

We are pleased that the Committee plans to discuss a range of issues that people with disabilities who currently receive Social Security disability benefits face, especially the benefits cliff due to income limits, outdated asset limits, and overpayments. AbilityOne® employees in our nonprofits frequently raise these issues, especially how these barriers prevent people with disabilities from being able to work or save for an emergency.

Social Security Supplemental Security Income (SSI) Program

Reforming the SSI program is necessary to remove barriers for individuals with disabilities in the workforce and those looking to join the workforce. For those looking to join the workforce restrictive SSI asset limits can discourage them from doing so. Nearly 60 percent of Americans with disabilities are unemployed and more must be done to help them get meaningful jobs. For those who are currently in the workforce, it is a struggle for most SSI beneficiaries to maintain their benefits due to increasing wages either offered by private employers or state minimum wages higher than the federal minimum wages. Many SSI beneficiaries face costly healthcare needs and are understandably reluctant to lose these benefits. This creates a difficult decision because they need to choose to either reduce their work hours or leave the workforce in order to keep their SSI benefits if their income becomes too high. By updating the SSI asset limits and addressing the benefits cliff, we can ensure that people with disabilities do not have to make these difficult decisions and are able work more hours.

Benefits Cliff

Many of the nonprofits in the AbilityOne® network have employees who would like to work more hours but would lose their SSI benefits if they did so. In many cases, when these working SSI recipients receive a raise, work too many hours, or earn too much, they lose many of the benefits they were receiving. This loss of benefits, or benefits cliff, results in SSI recipients not making enough money to support themselves and their households. Current law places strict income limits on SSI eligibility, and in 2024, the maximum SSI benefit for individuals with disabilities is $943 per month and $1,415 per month for married couples. As wages and inflation continue to rise across the country, people with disabilities are facing a difficult choice to reduce their hours or quit working entirely. This reduction in the workforce also impacts nonprofit agencies and businesses, by exacerbating an already dire labor shortage.

Asset Limits

Another area of concern is the strict limitations on the amount of assets an individual may have while receiving benefits. Under current law, individuals receiving SSI are only permitted to have $2,000 in assets and married couples may only have $3,000 total in assets. These limits penalize those who decide to marry and those who want to save. If a beneficiary happens to hold more than the allowable asset limit, they could see a reduction or complete elimination of benefits. These asset limitations have not been updated or adjusted for inflation since 1989, nearly 40 years ago.

The asset and income limits for the SSI program was the number one issue of concern for program participants and their families at our 2023 SourceAmerica® Grassroots Advocacy Conference. Many shared their personal stories of how they were delaying getting married because it would put them over the asset limits and others commented that they would like to be able to have larger savings for emergencies. Recently, one of our AbilityOne® workers shared, “It was devastating to learn that getting married could jeopardize my benefits. The dream of sharing my life officially with my partner is something many take for granted, but for me, it’s a painful reminder of the constraints I’m under.” The prospect of losing SSI eligibility is a major

barrier to individuals with disabilities in our network who wish to increase their work hours, achieve career goals, or even simply get married.

Overpayments

While we applaud SSA Commissioner Martin O'Malley's recent policy changes to help address the overpayment issue, people with disabilities continue to experience it. We continue to hear frequently from nonprofits in our network that overpayments cause significant harm to employees with disabilities who rely on such benefits and who also want to work and lead financially independent lives. The issue of overpayments and other improper payments has significant financial implications not only for beneficiaries, but also taxpayers in general. The Committee's efforts to bring transparency to this problem will improve the integrity of government systems and ensure essential programs can continue to provide needed services.

The SSA's process to identify, notify, and collect overpayments continues to be unclear, inefficient, and hurts beneficiaries. In the majority of overpayment cases, recipients' disability benefits are reduced or entirely removed, oftentimes years after an overpayment is determined to have happened. Lack of information and transparency about the cause of overpayments, next steps, recipient rights, available waivers, and options for remediation and appeal amplify the issues faced by overpaid benefit recipients. Further, some beneficiaries face negatively impacted credit scores as a result of outdated and arcane procedures and policies if they are unable to repay the debt resulting from overpayments.

While there are other issues that social security beneficiaries face, these are the primary issues frequently discussed among those within our network of nonprofit organizations. First and foremost, many AbilityOne® employees in our network want to work more but cannot due to the outdated and restrictive policies discussed above. We commend the Committee and its members for their tireless work in developing and introducing legislation that will address the much-needed modernization of Social Security programs that millions rely on for their livelihood. SourceAmerica® will continue to raise awareness about the need for the SSI Savings Penalty Elimination Act, SSI Reform Act, and the Work Without Worry Act.

Thank you again for your work to address the benefits and employment issues that people with disabilities face. On behalf of the 36,000 people working in the AbilityOne® Program, we appreciate your commitment to addressing these important issues and look forward to collaborating with the Committee on how to remove the barriers that prevent people with disabilities from working and advancing their career goals.