RECOMMENDATIONS FOR IMPROVING IMPLEMENTATION OF THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM (REGULATORY AND ADMINISTRATIVE CHANGES)

INTERIM REPORT: Prepared by the Adequacy of Incentives (AOI) Advisory Group
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DELIVERABLE 1

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INTRODUCTION

On June 16 and June 17, 2003, the Adequacy of Incentives Advisory Group (AOI Advisory Group) met at the University of Illinois at Urbana-Champaign to discuss our mission and activities.\(^1\) In addition to Group members,\(^2\) participants included representatives from the Social Security Administration (SSA) and staff from the Ticket to Work and Work Incentives Advisory Panel (Ticket to Work Advisory Panel). Martin Gerry, Deputy Commissioner, Disability and Income Security Programs, explained to the AOI Advisory Group that SSA is currently engaged in a process of reviewing the regulations implementing the Ticket to Work and Self-Sufficiency program (The Ticket to Work program or the Ticket program). He urged the AOI Advisory Group to take advantage of this "window of opportunity" and submit recommendations for regulatory changes as soon as possible.

The Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA) specifically authorizes the SSA Commissioner to "review," "refine," and "alter" the payment system in order to ensure that the system provides adequate incentives for employment networks to assist beneficiaries to enter the workforce while providing appropriate economies.\(^3\) More specifically, the Commissioner is authorized to alter the:

- Percentage used to calculate outcome payments, (40%),
- Total permissible payments under the outcome-milestone payment system and the outcome payment system, and
- Period of time during which payments may be made (up to the 60th month).

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1\(^\) The Disability Research Institute (DRI) at the University of Illinois at Urbana-Champaign received funding in April 2003 from the Social Security Administration to lead an Adequacy of Incentives Advisory Group. The DRI proposed the formation of this Group as a direct response to the Ticket to Work and Work Incentives Advisory Panel's 2002 report entitled Advice Report to the Commissioner of the Social Security Administration: Design Issue Relating to the Adequacy of Incentives Study (June 18, 2002). The AOI Advisory Group will provide SSA with actionable recommendations regarding the adequacy of incentives with particular attention to individuals with disabilities in the groups targeted by the Ticket to Work and Work Incentives Improvement Act i.e., individuals with disabilities with a need for ongoing support and services, individuals with a need for high-cost accommodations, individuals who earn a subminimum wage, and individuals who work and receive partial cash benefits.

2\(^\) See Appendix 2 for a list of AOI Advisory Group members.

3\(^\) See 42 USC 1320b-19(h)(5) and accompanying note.
In addition, the Commissioner is authorized to alter the number and amounts of milestone payments to the extent the Commissioner determines that such an alteration would allow an adequate incentive for employment networks to assist beneficiaries to enter the workforce. Further, the Commissioner is required to report to Congress with recommendations for a method or methods to adjust payment rates that would ensure adequate incentives for the provision of services by employment networks of:

- Individuals with a need for ongoing support and services,
- Individuals with a need for high-cost accommodations,
- Individuals who earn a subminimum wage, and
- Individuals who work and receive partial cash benefits.

For purposes of this paper, the four categories of individuals described above will be referred to as "individuals with disabilities in the targeted groups."

The Commissioner must implement the necessary adjusted payment rates prior to full implementation of the program. Prior to full implementation of the program, the Commissioner is authorized to "refine" the payment schemes to ensure the most efficacious methods are determined and in place for full implementation.

The purpose of this paper is to provide an interim report containing regulatory and administrative recommendations to SSA for improving implementation of the Ticket program, with a primary focus on recommendations to improve the adequacy of incentives for individuals with disabilities in the targeted groups. Additional recommendations are included to the extent they relate to improving the adequacy of incentives for all beneficiaries. The recommendations reflect the overarching goals of the President's New Freedom Initiative—maximizing economic self-sufficiency, independent living, and informed choice of individuals with disabilities, including individuals with disabilities in the targeted groups.4

It is important to note that the AOI Advisory Group recognizes that these regulatory and administrative changes, if adopted, will remove some but not all the disincentives to Ticket utilization for individuals with disabilities in the targeted groups. The AOI Advisory Group continues to carefully examine a number of remaining issues and will make additional recommendations (including recommendations that may require legislative changes) to address the "adequacy of incentives" in the Ticket program for individuals with disabilities in the targeted groups.

The first section of this paper provides a brief overview of the Ticket program. The second section describes some of the major reasons why changes are needed to the current regulatory structure. The third section sets out the guiding principles for our recommendations. The final section sets out our recommendations with rationales, a cautionary note, and cost/benefit implications for the proposed payment systems.

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4 See Executive Order No. 13217 "Community-Based Alternatives for Individuals with Disabilities" (June 18, 2001).
OVERVIEW OF THE TICKET TO WORK PROGRAM

Purpose of the Ticket to Work Program.

The purpose of the Ticket to Work program is to expand the universe of service providers and thereby enhance the range of choices available to SSDI and SSI beneficiaries who are disabled or blind to assist them in finding, entering, and retaining self-supporting employment. Expanded opportunities for these individuals will also increase the likelihood that they will reduce or eliminate their dependency on SSDI and SSI cash benefits. [20 CFR 411.105, .180(a)]

Phase-In of the Ticket to Work Program.

The new Ticket to Work program is being phased into operation on a gradual basis at sites selected by the Commissioner of SSA. [20 CFR 411.110, .130]

The Significance of the “Ticket.”

The new Ticket to Work program provides “Tickets” to every individual who meets eligibility criteria established by the Commissioner. A Ticket is a document issued by SSA that provides evidence of the Commissioner’s commitment to make payments of specified amounts to service providers (the technical term is “employment network”) to which a SSI or SSDI beneficiary’s Ticket has been assigned. [20 CFR 411.120] Participation in the Ticket program is voluntary. [20 CFR 411.135]

Eligibility for a Ticket.

In general, all SSI and SSDI disability federal cash beneficiaries age 18 through 64 are eligible for a Ticket except:

- Beneficiaries whose conditions are expected to improve and who have not had at least one “continuing disability review,”
- Beneficiaries who have not attained age 18, and
- Childhood SSI beneficiaries who have attained age 18 but who have not had a redetermination under the adult disability standard. [20 CFR 411.125(a)]

The Employment Network’s Responsibilities.

The employment network (EN) is responsible for the coordination and delivery of employment services, vocational rehabilitation services, and other support services. [20 CFR 411.320] The EN must report, among other things, information to assist the Program Manager in determining whether an individual is making “timely progress” and information about a beneficiary’s work activity and earnings in order to receive payment. [20 CFR 411.325]

The EN must ensure that services provided under the Ticket to Work program are provided under an appropriate “Individual Work Plan” developed and implemented in partnership with each beneficiary receiving services. [20 CFR 411.320, .455, .460, .465]
Overview of Payment Systems.

The Commissioner pays the EN under one of two systems: the outcome payment system or the outcome-milestone payment system. [20 CFR 411.505] The EN chooses which payment system it wishes to be compensated under for all individuals it chooses to serve under the Ticket to Work program. Periodic opportunities are provided to ENs to change the payment system they are using. [20 CFR 411.505, .515] The payment systems will be adjusted annually, based on recalculation of the previous year’s national average monthly SSDI or SSI cash benefits for all beneficiaries and annual adjustments in the SGA amount. [20 CFR 411.500(a), .550]

There is nothing in the regulations that prohibits an EN from supplementing the funding received from the Ticket to Work program with other sources (e.g., WIA Title I funds, training funds, Medicaid, MR/DD, Mental Health etc.) in order to meet the needs of an individual. However, an EN may not request or receive compensation for services from the beneficiary. Also, other funding sources would have to allow such blending of funding.

Outcome Payment System.

Under the outcome payment system, an EN can receive a monthly payment over a period not to exceed 60 months (which do not have to be consecutive) for every month the beneficiary does not receive cash benefits due to work/earnings. [20 CFR 411.525(a)(1)] The payment rate is based on 40% of the national average monthly SSDI or SSI cash benefit for all beneficiaries. [20 CFR 411.500, .550]

Using calendar year 2003 figures, under the outcome payment system, an EN could be paid the following amounts for SSDI beneficiaries (including concurrent SSI recipients): $328 per month, $3,936 for a 12-month period, and $19,680 for a 60-month outcome payment period. Using the calendar year 2003 figures, under the outcome payment system, the EN could be paid the following amounts for SSI recipients: $196 per month; $2,352 for a 12-month period; and $11,760 for a 60-month outcome payment period.

Outcome-Milestone Payment System.

Under the outcome-milestone payment system, [20 CFR 411.525, .530, .535, .540, .575] the total amount payable to an EN is about 85 percent of the total potentially payable under the outcome payment system for the same beneficiary. This total payment consists of two parts—payments for milestones and payments for outcomes. An EN can receive payment for up to four milestones. The four milestones an EN may receive occur after the Ticket is first assigned and the beneficiary starts to work and before the beneficiary attains any outcome payment months or the Ticket terminates:

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5 A milestone occurs before Federal cash benefits stop because of work or earnings. In other words, under the outcome-milestone payment system, the milestones for which payment may be made must occur before the first outcome payment month. Thus, an EN may actually receive fewer than four milestone payments for a particular beneficiary it serves. [20 CFR 411.535,.575]
Milestone 1 is met when an individual works for 1 calendar month and has gross earnings from employment (or net earnings from self-employment) for the month that are more than the SGA threshold amount ($800 per month, $1,330 per month for individuals who are blind—2003 figures).

Milestone 2 is met when an individual works for 3 calendar months out of 12 and has gross earnings from employment (or net earnings from self-employment) for each of the 3 months that are more than the SGA threshold amount.

Milestone 3 is met when an individual works for 7 calendar months out of 12 and has gross earnings from employment (or net earnings from self-employment) for each of the 7 months that are more than the SGA threshold amount.

Milestone 4 is met when an individual works for 12 calendar months out of 15 and has gross earnings from employment (or net earnings from self-employment) for each of the 12 months that are more than the SGA threshold amount.

If an EN receives milestone payments with respect to a Ticket, each outcome payment it receives will be reduced by an amount equal to 1/60 of the milestone payments received, rounded to the nearest cent. [20 CFR 411.530] Using calendar year 2003 figures, and assuming that once an individual begins working he/she will attain all four milestones in one year and then the 60 outcome payment months during the next five years, an EN could receive the following payments for SSDI beneficiaries (including concurrent SSI recipients): Milestone 1: $279; Milestone 2: $557; Milestone 3: $1,114; Milestone 4: $1,393; and 60 outcome payments: $223 per month (i.e., $279 less 1/60 of the total milestone payments, rounded to the nearest cent). Thus, in year one, the total milestone payments would equal $3,343. Then, in each of the following 5 years, the outcome payments would equal $2,679, for a 5-year total of $13,397. Adding the milestone and outcome payments together, the total payment would be $16,740 over 6 years.

Using calendar year 2003 figures, and assuming that once an individual begins working he/she will attain all four milestones in one year and then 60 outcome payment months during the next five years, an EN could receive the following payments for SSI only beneficiaries: Milestone 1: $167; Milestone 2: $334; Milestone 3: $668; Milestone 4: $835; and 60 outcome payments: $134 per month (i.e., $167 less than 1/60 of the total milestone payments, rounded to the nearest cent). Thus, in year one, the total milestone payments would equal $2,004. Then, in each of the following 5 years, the outcome payments would equal $1,603, for a 5-year total of $8,016. Adding the milestone and outcome payments together, the total payment would be $10,020 over 6 years.
The Amount An Individual Must Earn In Order for his/her Monthly Cash Benefits to Equal Zero.

For an individual receiving SSDI, cash benefits equal zero when his/her monthly earnings exceed SGA, which for 2003 is $800 ($1,330 for blind individuals). For individuals receiving SSI based on disability or blindness the amount will vary depending on their monthly SSI payment and use of work incentives. However, SSI beneficiaries will generally zero out their cash payments when they earn $1,189 or greater per month for states that have not adopted a State SSI Supplement.

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6 In the SSDI law, the work incentives (provisions designed to permit or encourage recipients to work) include, but are not limited to, a trial work period (TWP) i.e., nine months—not necessarily consecutive—during which an individual may continue to receive cash benefits if he or she earns more than $570 a month (for the year 2003). If SSA finds that an individual no longer has a disabling impairment due either to work at the SGA level or medical improvement, SSA says that the individual's disability "ceased." SSA's decision is effective with the month shown by the evidence (or the month SSA gave the individual written notice, if later). However, SSA pays SSDI benefits for this month and the following two months. This three-month period is often referred to as the "grace period." An additional work incentive is the "extended period of eligibility" (EPE) i.e., 36-months to provide protection against the risks of an unsuccessful work attempt. If SSA ceased a person's disability because he or she worked at SGA level, SSA can automatically reinstate benefit payments. No new application and/or disability determination is required. Benefits can be reinstated for any month in the 36-month period in which the individual continues to have a disabling impairment and earnings in that month fall below SGA level.
WHY CHANGES ARE NEEDED IN THE TICKET TO WORK PROGRAM (THE CURRENT REGULATORY FRAMEWORK)

Any review of the Ticket to Work program to determine whether it is achieving its purposes must be viewed from at least three perspectives:7

- SSI and SSDI beneficiaries,
- The Employment Networks (ENs), and
- The Social Security Administration (SSA)

From the perspective of SSI and SSDI beneficiaries, a primary goal of the Ticket program is to maximize economic self-sufficiency by, among other things, expanding the universe of service providers--thus allowing real choices for people with disabilities.

Unfortunately, few beneficiaries are assigning tickets.8 One reason for this, of course, is insufficient numbers and types of ENs, especially in rural areas. Another is that many of the beneficiaries most likely to benefit from a ticket—those for whom medical improvement is expected, youth under age 18, and young SSI beneficiaries who have attained age 18 and are transitioning to adult eligibility—are not eligible for one. However, many other beneficiaries who could participate in the Ticket program and want to work are reluctant to do so. Reasons include:9

- Beneficiaries do not trust SSA in matters related to work and disability.
- Beneficiaries fear that work will result in benefit overpayments.
- Regulations on "using the ticket" and "making progress," which govern whether a beneficiary will be subject to a CDR, reflect a one-size-fits-all approach that makes no allowance for individual differences in ability.
- Reluctance of disability organizations to aggressively market the Ticket program for various reasons, including concerns over long-term eligibility for beneficiaries (e.g., Disabled Adult Children (DACs)).

7 The findings included in the three perspectives described in this section of the paper are derived from a review of papers, articles and reports as well as anecdotes reported to and by members of the AOI Advisory Group.
8 According to SSA, as of September 2, 2003, of the 5,334,641 Tickets issued, 2,792 have been assigned to ENs and an additional 21,670 assigned to state VR agencies. See also Ticket to Work and Work Incentives Advisory Panel Annual Report to the President and Congress Year Two (August 2002) [Hereinafter referred to as Ticket Panel Annual Report #2] and Ticket to Work and Work Incentives Advisory Panel Annual Report to the President and Congress (April 2003) [Hereinafter referred to as Ticket Panel Annual Report #3] See also Evaluating Design for the Ticket to Work Program-Preliminary Process Evaluation. Prepared for the Social Security Administration by The Lewin Group and its Subcontractor Cornell University (March 11, 2003) at page 61-62. [Hereinafter referred to as Lewin (2003)]
9 See generally articles appearing in Paying for Results in Vocational Rehabilitation--Will Provider Incentives Work for Ticket to Work? Edited by Kalman Rupp and Stephen H. Bell (Urban Institute, January 2003). See also Ticket Advisory Panel's Annual Reports #2 & #3.
• Work disincentives, such as the "cash cliff" that results in the precipitous loss of all benefits when an individual continues to engage in SGA after a trial work period, continue to exist in the SSDI program.

• Existing work incentives are so numerous and complex that, even within SSA, only a small number of specialists understands them and how earnings will affect SSI, SSDI, and other program benefits. Beneficiaries often view these work incentives as too complicated to trust and feel that going to work would be too risky.

The Ticket program lacks tangible incentives to beneficiaries that might help overcome these disincentives to participation in the program.

From the perspective of service providers (ENs), the primary purpose of the Ticket program is to enable them to expand their client base, which it could accomplish by providing financial incentives to ENs and eliminating the requirement that beneficiaries first go through a State vocational rehabilitation (VR) program.

Unfortunately, since the inception of the Ticket program, only a small number of ENs has chosen to participate actively in the program by accepting tickets. Reasons include:

• The payment system’s minimal up-front funding fails to recognize the capitalization and cash flow needs of most service providers other than State VR agencies and large non-profits.

• ENs are averse to the level of risk that the payment system imposes on them. The outcome payment system requires that they assume all the financial risk of providing services to someone for compensation that will occur only if benefits later stop because of earnings. The milestone-outcome payment system provides for some risk sharing, but ENs must accept a 15-percent reduction in total possible compensation in order to get the milestone payments. This is true of SSI as well as SSDI milestone payments, although it can reasonably be argued that current SSI milestone payments involve no risk to SSA, since the earnings on which they are based generate SSI program savings that, in effect, pre-fund them.

• Making outcome payments only when earnings fully eliminate benefits ensures that ENs will not knowingly provide services to beneficiaries whose earnings are unlikely to fully eliminate their benefits and ignores two important realities:

  o A considerable percentage of beneficiaries who are potential clients of ENs may be able to work only part-time due to their disability; and

  o Even part-time work generates SSI program savings.

10 See e.g., Ticket Panel Annual Reports #2 and #3. See also Lewin at page 59 (2003).
11 See e.g., Ticket Advisory Panel's Annual Reports #2 & #3; Lewin (2003) at pages 82-83.
Making outcome payments only when earnings fully eliminate benefits thus may preclude SSI program savings that the Ticket program could be generating.

- Documenting earnings imposes significant administrative burdens on ENs.
- Responding to demands by Ticket holders to explain the program and provide services on demand imposes a significant administrative burden on ENs.

**From the perspective of SSA**, the primary purpose of the Ticket program is to produce cost savings to the SSI program and to the SSDI Trust Fund. The primary strategy set out in the current regulations is to make outcome payments to ENs only when individuals return to work and generate sufficient earnings to result in the payment of zero cash benefits (total elimination of dependency on cash benefits, i.e., full economic self-sufficiency). [20 CFR 411.525(b)]

To date, the Ticket program (with this focus on total elimination of benefits because of return to work) has effectively produced zero savings to the SSI program and the SSDI Trust Fund. There is no reason to expect enhanced success for the foreseeable future.

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12 See 20 CFR 411.105, .180(a). "According to the U.S. General Accounting Office, less than one percent of SSDI and SSI beneficiaries leave the rolls each year as a result of paid employment. Of those who leave, about one-third return within three years. If just one-half of one percent of the current SSDI and SSI beneficiaries were to cease receiving benefits as a result of engaging in self-supporting employment, saving in cash benefits would total $3.5 billion over the work-life of those individuals." [Preamble to the Final Rule implementing the Ticket to Work program, 66 FR 67370 (December 28, 2001)]

13 According to SSA, as of September 2, 2003, of the 5,334,641 Ticket holders, 95 beneficiaries are achieving one or more outcomes due to work/earnings (i.e., beneficiary does not receive benefits due to work/earnings). See also Lewin (2003) at page 62.
GUIDING PRINCIPLES FOR REFORMING THE TICKET PROGRAM
(REGULATORY CHANGES)\textsuperscript{14}

1. The success of the Ticket to Work program should be viewed from and address three perspectives:

- **SSI and SSDI Beneficiaries** -- Does the Ticket program make eligible all of those that may (or are most likely to) benefit from the program, maximize economic self-sufficiency (make work pay), address the needs of individuals with disabilities in the target groups, allow for a degree of asset retention to support independent living, facilitate informed and real choice of providers? Is the program easy to understand and is there a local source of unbiased information about the Ticket?

- **Employment Networks** -- Does the Ticket program encourage competition and innovation, make it easy/simple for participation (e.g., documentation of earnings) and provide sufficient incentives for providers to accept and serve beneficiaries, including individuals with disabilities in the target groups?

- **SSA** -- Does the Ticket program result in cost savings to the SSA program and the SSDI Trust Fund and is it easy to administer?

2. Individuals with disabilities in the targeted groups may not be a sliver or small percentage of the population of Ticket holders; rather, they may well represent a significant majority of Ticket holders.\textsuperscript{15} Therefore, the structure of the payment system as a whole should reflect this reality.

3. The Ticket program should recognize the heterogeneity of the population of persons with disabilities receiving cash assistance under SSI and SSDI -- some persons are not capable of working, some are capable of working part-time (some above and some below SGA), some are capable of working full-time, and some are capable of working intermittently. The Ticket program should address the needs of consumers with disabilities by recognizing the unique needs of the individual (individualization rather than one-size-fits-all) in determining whether the individual is making progress toward economic self-sufficiency.

\textsuperscript{14} The presentation of guiding principles is not necessarily in order of priority.

\textsuperscript{15} See e.g., Presentation "Characteristics of Disability Beneficiaries" at the EN Summit (May 22-23,2003) by Linda J. Smith, Director, Office of Data Analysis, Office of Program Development and Research, Office of Disability and Income Security Programs, Social Security Administration. Smith presented, among other things, that the primary impairment for 48% of beneficiaries is a mental disability with 40% of DI &DI/SSI and 60% of SSI only. The top 7 primary impairments (56% of beneficiaries) are affective disorders, mental retardation, schizophrenia, back, organic mental, anxiety, and osteoarthritis. Stapleton and Livermore in an article entitled "A Conceptual Model and Evaluation Strategy for the Empirical Study of the Adequacy of Incentives in the Ticket to Work Program" appearing in Paying for Results in Vocational Rehabilitation--Will Provider Incentives Work for Ticket to Work? Edited by Kalman Rupp and Stephen H. Bell (Urban Institute, January 2003) conclude that individuals with disabilities in the targeted groups defy simple characterization. They report that thirteen percent of all beneficiaries between the ages of 18 and 64 have mental retardation as their primary impairment, and 22 percent have a psychiatric disorder. Those who receive SSI only, by definition, have very limited work experience and many became recipients as children. Many beneficiaries also have limited education. [page 73]
4. In order to judge the degree of success of the Ticket program, it is important that there be a critical mass of program participants. Changes should be made to the program to increase participation by individuals and ENs to sustain such a critical mass. Thus, any reform efforts should be designed to increase EN participation and the number of people using the Ticket.

5. The Ticket program should reflect the findings of the literature and other sources of information regarding "best" and "promising" practices demonstrating the clear success in assisting individuals with disabilities in the targeted groups entering and returning to work (both full and part-time employment) when provided appropriate services and supports, including ongoing services and supports.

6. Any demonstrations supported by the SSA to remove work disincentives under the SSDI or SSI programs should not punish ENs by creating work incentives for individuals, which, if exercised, will make it more difficult for ENs to receive payment.

7. The Ticket program is not the "be all and end all" for all beneficiaries. For some beneficiaries, there will be a need for a blended system for funding needed services and supports. For others, the Ticket program may not be the answer at all. For example, the Ticket program should focus on real work in integrated settings in the community at minimum wage or higher wage based on individual choice and control. The Ticket program is not currently designed nor should it be redesigned to reward service providers paying subminimum wage--which is the focus of other Federal programs such as Section 14(c) of the Fair Labor Standards Act.

8. The Ticket program should not be viewed in isolation from other programs and policies. It is important to recognize that the degree of success of the Ticket program may depend on other factors such as the continued existence of the "cash cliff" under the SSDI law and the presence of a Medicaid Buy-In program as part of a comprehensive, person-centered state employment initiative.

9. SSA should recognize that in addition to creating a disincentive for beneficiaries to work, overpayments present a particular problem for ENs under the Ticket program.

Consistent with the guiding principles set out above, the Ticket payment scheme should:

- Recognize the appropriateness of a policy of partial self-sufficiency by rewarding ENs that are able to reduce as well as eliminate an SSI or SSDI beneficiary's dependence on cash assistance programs.

- Share the risk between SSA and the ENs.

See e.g., Wehman and Revell in an article entitled "Lessons Learned from the Provision and Funding of Employment Services for the MR/DD Population--Implications for Assessing the Adequacy of the SSA Ticket to Work" appearing in Paying for Results in Vocational Rehabilitation--Will Provider Incentives Work for Ticket to Work? Edited by Kalman Rupp and Stephen H. Bell (Urban Institute, January 2003).
• Provide adequate up-front payments to ENs to generate interest.

• Provide incentives for serving persons with disabilities who are capable of working part-time, including individuals with disabilities in the targeted groups.

• Recognize that the initial nine months of employment are the most intense phase of work supports for individuals with disabilities (particularly those individuals with disabilities in the targeted groups) by providing milestones for reaching significant earnings (but less than SGA).

• Provide outcome payments for reaching SGA.

• Provide bonuses for significant earnings above SGA.

• Reduce to a minimum the difference in payments between the milestone and outcome payment schemes.

• Reduce or eliminate the potential conflict of interest between an EN and an individual using work incentives by using gross income instead of net income.

• Allow the EN to recoup lost revenue for unsuccessful efforts through payments for successful participants.

• Enable ENs to leverage other funds to support individuals with disabilities, particularly those individuals with disabilities in the targeted groups.

• Treat SSI and SSDI beneficiaries in a comparable manner to the extent possible given the current work incentives and benefit levels under the two programs.

• Minimize scenarios where there are no net savings for SSA.

• Provide incentives for individuals to participate by providing bonuses to the individual for reaching specified earnings levels and allowing such bonuses to be placed in IDAs or other special accounts earmarked for enabling the individual to live independently in the community (asset development).
RECOMMENDATIONS FOR CHANGING THE TICKET PROGRAM (REGULATORY AND ADMINISTRATIVE)

RECOMMENDATION 1: THE PAYMENT SYSTEM TO ENs

As stated previously, people with disabilities receiving cash payments under the SSI and SSDI programs are a heterogeneous population. Many people with disabilities, particularly those individuals with disabilities in the targeted groups, do not go directly from cash assistance to full economic self-sufficiency; rather, they make incremental steps with some only achieving partial self-sufficiency.

The proposed payment scheme is based on a gradual movement from initial efforts at self-sufficiency, to partial self-sufficiency, to full self-sufficiency. For purposes of this proposal:

- **Initial efforts at self-sufficiency** is defined as $600 per month for 2003 (50% of full self-sufficiency);

- **Partial self-sufficiency** is defined as 67% of full self-sufficiency i.e., $800 per month for 2003 (SGA); and

- **Full self-sufficiency** is defined, as the point where the SSI beneficiary ceases to receive a check i.e., is no longer in need of any federal financial assistance. For 2003 that figure is $1189 which we have rounded up to $1200 per month for 2003. That equates to 150% of the current SGA level.

In sum, this proposal allows a beneficiary to progress from initial efforts toward self-sufficiency to partial self-sufficiency (SGA) and eventually to full self-sufficiency in three steps, 50%, 67% and 100%.

The proposal creates a workable methodology for Ticket payments under the SSI $1 for $2 gradual rather than precipitous loss of benefits policy, which may be used for the SSDI law under demonstration authority included in TWWIIA.

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17 See Ticket Advisory Panel's Annual Reports #2 & #3. See also Ticket to Work and Work Incentives Advisory Panel Advice Report to the Commissioner of Social Security Administration on the Notice of Proposed Rulemaking for the Ticket to Work and Self-Sufficiency Program (July 26, 2001) [Hereinafter referred to as the Ticket Advisory Panel's Report on Proposed Ticket Regulations]. These reports include several recommendations for revising the payment systems, including recommendations to revise the milestones (including individualized milestones for individuals with disabilities in the targeted groups), making payments to ENs when benefits are reduced as well eliminated, restructuring the payment systems for SSI beneficiaries in order to account for existing work incentives, and developing two milestone outcome payment systems--one for SSI beneficiaries and another for SSDI beneficiaries that takes into account the differences between the two programs. In addition, the Reports stress the need for additional marketing, outreach, training, and technical assistance.

18 Under this proposal, only earnings at or above the federal or state minimum wage would be counted. In addition, the $600 (initial efforts at self-sufficiency), $800 (partial self-sufficiency), and $1,200 (full self-sufficiency) would be adjusted (indexed) each year.
In addition to providing payments to ENs under the outcome-milestone payment and outcome payment systems, the proposal includes incentives payments directly to beneficiaries and a new payment system under which state VR is reimbursed for up-front costs and ENs receive payments for ongoing services and supports.

As explained in the introduction, the AOI Advisory Group recognizes that this proposal may not fully address the needs of all individuals with disabilities in the targeted groups. It is the intent of the Advisory Group to explore additional recommendations for ensuring adequate incentives for these targeted groups.

**Milestone/Outcome Payment System**

Milestone 1:  Job Placement (2 Weeks)--$1,000  
Milestone 2:  2 months Job Retention----$1,000  
Milestone 3:  5 Months Job Retention--- $1,000  
Milestone 4:  9 Months Job Retention---$1,000  
Total Milestones               $4,000

All Milestones require income of at least $600 for 2003 (i.e., initial efforts at self-sufficiency). Setting the earnings rate at $600 for 2003 ensures that a beneficiary's income will exceed the Trial Work Period level for all Milestone payments.

Milestone 1 will be paid based on income after 2 weeks exceeding $300 [$600 per month x .50 (2 out of 4 weeks)= $300].

All earning figures are gross wages to avoid penalizing beneficiaries who use work incentives.

Outcome payments will be made on a quarterly basis when average gross wages exceed the standard for partial self-sufficiency ($800 per month for 2003) or the standard for full self-sufficiency ($1,200 per month for 2003). Therefore, an outcome payment will be made to an EN if a beneficiary achieves partial self-sufficiency i.e., the beneficiary's gross wages per quarter are at or above $2,400 ($800 x 3 months). An enhanced outcome payment will be made to an EN if a beneficiary achieves full self-sufficiency i.e., the beneficiary's gross wages per quarter are at or above $3,600 ($1,200 x 3 months).

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19 Under the proposal, the milestone payments and the outcome payments would be indexed in a manner comparable to the policy currently included in the Ticket regulations.

20 See footnote 6.

21 For self-employment, the regulatory framework should continue to use net income before work incentives.

22 The AOI Advisory Group recognizes that a quarterly payment approach may create cash flow problems for some ENs that may more than offset the administrative savings. Further analysis and input may be required.

23 Unemployment insurance payroll records are available to SSA from most states through data sharing agreements. The amount of earned income is reported by employers to the state unemployment insurance system (UI) each quarter and is available electronically for most working beneficiaries. This electronic data could be used by SSA to automatically trigger milestone or outcome payments if such data were based on quarterly earnings rather than monthly earnings. Quarterly outcome payments would be based on gross wages for the quarter that exceeded the payment standard, for example, $800 X 3 months = $2,400 income for a full quarter above SGA for achieving partial-self-sufficiency. If this standard were adopted, the average monthly income for the quarter would determine the payment level.
Outcome Payments at Partial Self-Sufficiency Level

- For Qtrs 4-8 – EN Payment of $800 per quarter if gross earned income is at or above $2400 for the Quarter ($800/mo. x 3 months)
- For Qtrs 9-20 – EN Payment of $600 per quarter if gross earned income is at or above $2400 for the Quarter ($800/mo. x 3 months)
- **Total Outcome payments:** $11,200.00

Outcome Payments at Full Self-Sufficiency Level

- For Qtrs 4-8 – EN Payment of $1000 per quarter if gross earned income is at or above $3600 for the Quarter ($1200/mo. x 3 months)
- For Qtrs 9-20 – EN Payment of $750 per quarter if gross earned income is at or above $3600 for the Quarter ($1200/mo. x 3 months)
- **Total Outcome Payments:** $14,000

Totals: Milestones + Outcome Payments

- **Partial Self-Sufficiency Level:** $15,200 ($4,000 milestones + $11,200 outcome payments)
- **Full Self-Sufficiency Level:** $18,000 ($4,000 milestones + $14,000 outcome payments)

Outcome Only Payment System

Outcome Payments at Partial Self-Sufficiency Level

- For Qtrs 1-8 – EN Payment of $1000 per quarter if gross earned income is at or above $2400 for the Quarter ($800/mo. x 3 months)
- For Qtrs 9-20 – EN Payment of $700 per quarter if gross earned income is at or above $2400 for the Quarter ($800/mo. x 3 months)
- **Total Outcome Payments:** $16,400

Outcome Payments at Full Self-Sufficiency Level

- For Qtrs 1-8 – EN Payment of $1200 per quarter if gross earned income is at or above $3600 for the Quarter ($1200/mo. x 3 months)
- For Qtrs 9-20 – EN Payment of $800 per quarter if gross earned income is at or above $3600 for the Quarter ($1200/mo. x 3 months)
- **Total Outcome Payments:** $19,200
Comparison Between Outcome-Milestone Payment System and Outcome Payment System

Partial Self-Sufficiency:

- Outcome-Milestone Payment System: $15,200
- Outcome Payment System: $16,400

Full Self-Sufficiency:

- Outcome-Milestone Payment System: $18,000
- Outcome Payment System: $19,200

Rationale for Proposal to Refine the Payment System

This proposal for refining the Ticket outcome-milestone and outcome payments systems is consistent with and reflects the guiding principles enunciated above. More specifically, the proposal:

- Recognizes the appropriateness of a policy of partial self-sufficiency by rewarding ENs that are able to reduce as well as eliminate a beneficiary's dependence on cash assistance programs. [See 20 CFR 411.105, .180(a)] The proposal recognizes the heterogeneity of the population by allowing a beneficiary to progress in three steps from initial efforts at self-sufficiency (50% of full self-sufficiency) to partial self-sufficiency (67% of full self-sufficiency, SGA) and eventually to full self-sufficiency.

- Preserves cost savings (See accompanying Charts).

- Simplifies SSA's administration of the program by, among other things, creating one payment for both SSI recipients and SSDI beneficiaries at the higher SSDI level, reducing the penalty for choosing the Milestone option, and using administrative data sources (e.g., UI data) to automatically trigger payments to ENs.

- Encourages EN participation by providing greater shared risk and greater upfront payments and by allowing for payment at a lower work standard for persons with the most significant disabilities (including individuals with disabilities in the targeted groups) that are only capable of working part-time. At the same time, the proposal does not incentivize sub-minimum wages. In addition, the proposal reduces administrative burden on EN's by eliminating the need to obtain wage verification. By paying outcome payments on a quarterly basis and having SSA verify gross income using Unemployment Insurance data sources, the outcome payments can be automated and expedited.
• Enhances choice for Ticket holders (including individuals with disabilities in the target groups) by allowing them to work up to self-sufficiency in manageable/realistic steps and makes incentive payments to beneficiaries to reach independence.

• Creates a workable methodology for Ticket payments under the SSI $1 for $2 gradual rather than precipitous loss of benefits policy, which may serve as a model for the SSDI program under demonstration authority included in TWWIIA by:
  o Recognizing that the initial nine months of employment are the most intense phase of work supports for individuals with the most significant disabilities by providing milestones for reaching significant earnings (but less than SGA);
  o Providing outcome payments for reaching SGA;
  o Providing "bonuses" for significant earnings above SGA.

• Eliminates the potential conflict of interest between the EN and the beneficiary by using gross wages for all payments i.e., no disincentive for individuals to use work incentives. ENs will be paid whether or not their customers use work incentives.

• Recognizes many problems for ENs associated with overpayments, delayed payments and under payments would be eliminated by use of gross wages not net and use of UI records to trigger payments.

Cost/Benefit Implications

The Charts in Appendix 1 describe the costs to SSA for making payments under the proposed outcome payment system and the outcome-milestone payment system. The Charts also describe the benefits and cost savings to SSA.

RECOMMENDATION 2: BENEFICIARY INDEPENDENCE INCENTIVES

The overarching goal of the President's New Freedom Initiative is to maximize economic self-sufficiency and independent living for persons with significant disabilities. The primary goal of the Ticket program is to increase employment and decrease benefit dependency among people with disabilities. To further these related objectives, we recommend that Individual Development Accounts (IDAs) be created for SSDI and SSI disability beneficiaries who work and meet the financial eligibility criteria.

An IDA is a trust-like bank account that helps an individual save for a specified purpose, usually post-secondary education, the purchase of a home, or business start-up such as micro-enterprises (the purposes could be expanded to include savings for assistive devices). An individual makes deposits from his or her earnings. The individual's deposits are matched at various rates from various sources, which can include Assets for Independence Act (AFIA) grant funds, Temporary Assistance to Needy Families (TANF) funds, State funds, and contributions from private entities. IDA programs also provide financial counseling.

SSI rules would treat funds deposited to and held in these accounts as they now treat federally supported IDAs. In other words, deposits to the account would not count as income and funds
held in the account would not count toward the SSI resource limit of $2,000. IDA limits could be set at amounts such as $10,000. IDAs would be beneficial to SSDI beneficiaries as well since the SSDI program does not provide individuals with the means to build sufficient assets to become more independent. SSDI beneficiaries would receive the same matched income in IDAs as provided to SSI beneficiaries. Incorporating IDAs into the Ticket Program will work to help beneficiaries, both SSI and SSDI, acquire assets and thus, become more self-sufficient.

The procedural details of this proposal will require further analysis and the proposal may require one or more legislative changes.

**RECOMMENDATION 3: VR AGENCY REIMBURSEMENT + EN OUTCOME PAYMENTS**

Under the current state VR program, the state VR agency pays for time-limited costs related to the provision of vocational rehabilitation services and supports, including supported employment. Other sources of funding must be secured to pay for ongoing services and supports. The premise for this recommendation is that the Ticket program should recognize the reality that some beneficiaries require both time-limited and ongoing services and supports in order to maintain and retain employment, particularly individuals with disabilities in the targeted groups.

The following proposal supplements, it does not supplant, existing options available under the Ticket program. VR still would have the option to select cost reimbursement only or milestone/outcome payments, on a case-by-case basis, as they do under the current regulations. This proposal would create a third option for VR to select in partnership with private ENs.

Under the proposal, the State VR agency provides vocational rehabilitation services, including supported employment and other time-limited employment-related services and supports directly or through contract with community rehabilitation providers (including ENs), and then bills SSA under the cost reimbursement payment system i.e., when an individual is earning at or above SGA for 9 consecutive months. ENs can then accept Tickets after VR reimbursement billing is submitted to SSA to the end that savings will accrue to the Trust Fund (SSDI) and the Treasury (SSI) as a result of earnings by SSDI and SSI beneficiaries. The value of the Ticket shall not exceed the value of the outcome payments available under the outcome-milestone payment system ($11,200 outcome payments for partial self-sufficiency and $14,000 for full self-sufficiency).

Some of the advantages of the above proposal are as follows:

- State VR agencies would bear the risk of providing up front training and placement costs. Partnering ENs would only provide job retention and follow along services at the point the person was working at partial or full self-sufficiency. Partnering ENs would not bear the risk of training and placement costs that may never result in an individual working at partial or full self-sufficiency. Therefore, this option creates a low risk option for ENs to participate in the Trial Work Period and provide services for individuals with disabilities in the targeted groups.
• This proposal would increase the likelihood that the State VR cost reimbursement would lead to a substantial reduction of benefits paid. Under the current regulations SSA reimburses VR for costs if that individual works for nine consecutive months above SGA. However, if the consumer ceases working shortly after the nine-month period SSA would recoup only limited savings in benefits paid. Under this proposal the partnering EN has a financial incentive to ensure the beneficiary continues working at full or partial self-sufficiency beyond the nine-month period. Therefore increasing the likelihood that SSA will recoup savings in benefits paid.

• This proposal promotes partnership between VR and ENs to work together on behalf of SSI and SSDI beneficiaries, in particular those that need ongoing services and supports.

RECOMMENDATION 4: DOCUMENTATION OF EARNINGS FOR PURPOSES OF EN PAYMENTS

One of the major disincentives for ENs to participate in the Ticket program is the requirement to document earnings of a Ticket holder in order to receive payment. The current approach also creates serious privacy problems from the Ticket holder's perspective e.g., providing wage stubs to the EN.

We recommend that the regulations be revised to transfer the onus for documenting earnings from the EN to the SSA Commissioner.  

RECOMMENDATION 5: OVERPAYMENTS TO BENEFICIARIES  

SSA must recognize that in addition to creating a disincentive for beneficiaries, overpayments present a particular problem for ENs under the Ticket program. Under the current regulatory framework, ENs that return beneficiaries to work will not be paid if the beneficiaries are still receiving cash benefit payments from SSA, even if these payments are being made in error. This could prove to be a significant long-term disincentive for ENs to participate in the Ticket program.

Existing problems in this area center around:

• Errors in figuring net wages after the use of work incentives;

24 A similar recommendation was made in the Ticket Panel's Annual Report #2.
25 See Ticket Panel's Annual Report #2. The Report had the following to say (page 18) about overpayments: "According to SSA's FY 2001 Performance and Accountability Report (p. 190), examination of FY 1996- FY 1999 data shows that wages and excess resources are the top causes of overpayments. The Panel realizes that a variety of factors may contribute to delays in benefit adjustments due to changes in wages or resources, resulting in overpayments. These factors include beneficiaries not reporting earnings or other changes to their income/resources to SSA in a timely manner, SSA delay in processing earnings reports, and lack of performance goals for field office personnel related to post entitlement action. The Panel encourages the President and the Congress to direct SSA to examine all possible causes of overpayments related to SSA's procedures and to aggressively pursue a real and lasting solution to the overpayment problem for beneficiaries who begin or return to work." See also Ticket Panel's Annual Report #3.
• Lack of systematic approach for readjusting income records used by SSA for SSI purposes;
• Provision by IRS to SSA of earnings records only on an annual basis.

Most errors would be eliminated by use of gross wages, not net wages and the use of Unemployment Insurance (UI) records to trigger payments. The combination of these two measures would eliminate most of the overpayment, delayed payments, or under payment problems.

Further, we recommend that an EN not be penalized if SSA determines, after making a payment to the EN, that the payment was inappropriate because an individual received an overpayment. SSA should also consider adopting policies that address the penalty to beneficiaries when they fail to receive timely notice of overpayments. More specifically, ENs would be held totally harmless in the case of an overpayment to a beneficiary using a Ticket. Further, in the absence of fraud, SSA would be estopped from collecting overpayments made to beneficiaries after six months from the date the beneficiary reported earnings to SSA via electronic, certified regular mail, other means of communication or by directly contacting (face-to-face) an SSA field office employee.

RECOMMENDATION 6: CASE-BY-CASE DETERMINATION OF PAYMENT SYSTEM USED BY ENs

We recommend that the regulations be amended to allow an EN to make a case-by-case determination regarding whether to use the outcome-milestone payment system or the outcome payment system. This determination may be made at the time of placement. This flexibility will provide additional incentive for an EN to participate in the program based on the unique needs of each Ticket holder. The Advisory Group recognizes that this recommendation may require a legislative change.

RECOMMENDATION 7: BLENDING OF FUNDING SOURCES

For many persons with the most significant disabilities, existing funding sources may be used to support employment-related services and supports, including Medicaid (e.g., HCBS waivers and supported employment). We recommend that joint policy directives be issued by federal agencies (such as SSA, HHS (e.g., CMS, SAMHSA), DOL (Individual Training Accounts under the Workforce Investment Act), HUD and ED) clarifying the fact that appropriate blending of multiple funding sources to support an individual Ticket holder is not only permissible but encouraged.

RECOMMENDATION 8: ELIGIBILITY FOR A TICKET (WHO CAN USE A "TICKET")

The categories of persons eligible to use a Ticket should be expanded to include:

26 See footnote 20.
27 See Ticket Panel's Annual Report #3.
• Beneficiaries whose conditions are expected to improve and who have not had at least one “continuing disability review.”
• Childhood SSI beneficiaries who have attained age 18 but who have not had a redetermination under the adult disability standard.
• Beneficiaries who have not attained age 18.\(^{28}\)

Of all categories of SSI and SSDI beneficiaries, the above three groups are the most likely to benefit from the Ticket program because they are the individuals most likely to attain a high degree of economic self-sufficiency or at least partial self-sufficiency. Many SSI beneficiaries between the ages of 16-18 still in high school who are preparing for transition from school to work could benefit from the services available under the Ticket program. A note of caution—to the extent SSA decides to offer Tickets to individuals who have not attained age 18, it is important that they not be limited to one Ticket for a lifetime. In addition, SSA should provide complete information on potential eligibility for and potential loss of DAC benefit status under the SSDI law to beneficiaries who have not attained 18 and to childhood SSI beneficiaries who have attained age 18.

There is little downside to such a proposal (in terms of net cost to the SSI program and the SSDI Trust Fund) because the number of persons in these categories currently leaving the rolls because of sufficient earnings from work is negligible.

**RECOMMENDATION 9: SUSPENSION OF CDRs AND DETERMINING WHETHER A PERSON IS "USING" A TICKET AND "MAKING PROGRESS"**

The current regulatory framework regarding the circumstances under which a CDR will be suspended for a Ticket holder should be replaced. The current policy is overly complex and adopts a "one size fits all" approach for determining whether Ticket holders are making "progress" toward self-supporting employment--the standard for determining whether the CDR should be suspended. This approach is inconsistent with a fundamental principle of national disability policy--make individualized determinations based on facts and circumstances unique to each individual. The current policy creates an undue burden on the EN and serves as a disincentive for persons with disabilities to participate in the program.

We recommend that the new policy framework delegate the sole discretion to the EN to determine whether a Ticket holder is making "timely progress" consistent with the goals, objectives, and benchmarks set out in the negotiated Individual Work Plan. Market forces (e.g., financial considerations) will provide ample incentive for ENs to remove (i.e., unassign the Ticket) those individuals who are not making timely progress from their programs. Time limits governing whether a Ticket holder is "using" a Ticket would not be affected by this recommendation.\(^{29}\)

\(^{28}\) The Ticket Advisory Panel made a similar recommendation. See *Ticket Advisory Panel's Report on Proposed Ticket Regulations* and *Annual Report #2*.

\(^{29}\) The Ticket Advisory Panel made a similar recommendation in *Ticket Advisory Panel's Report on Proposed Ticket Regulations*. 

21
RECOMMENDATION 10: DEVELOPMENT OF A NATIONAL NETWORK OF RESEARCH, TRAINING, AND TECHNICAL ASSISTANCE CENTERS

The Ticket to Work and Work Incentives Advisory Panel\textsuperscript{30} and the EN Network Summit\textsuperscript{31} identified public education and field training and technical assistance as critical components of an overall effort to fully implement the Ticket to Work program. Unfortunately, the Panel and the Summit concluded that the current efforts and support by Congress, SSA, and Maximus (the Program Manager) are insufficient.

It is recommended that the Commissioner, in consultation with the Ticket to Work and Work Incentives Advisory Panel, establish a national research, training and technical assistance network under the Ticket program. This Network (including one National Coordinating Center and ten regional centers) will be charged with developing the capacity of the EN system to support the full implementation of the Ticket program for individuals with disabilities, especially to ensure the adequacy of incentives for individuals with disabilities in the targeted groups.

The Network will be coordinated by a lead center that will work with each of the regional centers (total of nine with the lead center serving as a regional center in its local geographic area). The National Center will be charged with setting a comprehensive training and outreach agenda while the Regional Centers will offer ongoing training and technical assistance to state agencies, local agencies, ENs, and individuals with disabilities and groups working with individuals with disabilities.

The scope of responsibilities of these centers should include:

For ENs:

- Outreach and recruitment of entities to become ENs, including traditional as well as nontraditional providers (such as employers, staffing agencies, One- Stops, public and private schools, MR/DD and mental health agencies, consumer cooperatives, family members, friends).
- Training and technical support to enhance the financial capacity of ENs to serve Ticket holders, including individuals with disabilities in the targeted groups (e.g., workable business models, capitalization, blending of funding sources, marketing strategies).
- Training and technical support to enhance the programmatic capacity of ENs to serve Ticket holders, including individuals with disabilities in the targeted groups (methodologies and best practices).
- Provide local, regional and national information and strategy exchanges for ENs.

\textsuperscript{30} See Ticket Panel's Annual Report #2.
• Develop an EN mentor system linking successful ENs with new ENs or those seeking to improve the range of services, especially ENs serving individuals with disabilities in the targeted groups.

For Beneficiaries:

• Public education explaining the benefits of returning to work in general and the Ticket program in particular (well-informed consumers and family members).

• Training of individuals and organizations working with, representing and advocating for individuals with disabilities, especially individuals with disabilities in the targeted groups.

• Technical support regarding the use of the Ticket for self-employment (e.g., micro-enterprises.)

• Enhanced collaboration with work incentive outreach programs.

Research and Evaluation

• Document effective practices in supporting Ticket users through EN systems, including a focus on supporting Ticket holders who are individuals with disabilities in the targeted groups.

• Evaluate local EN practices and report on outcomes for consumers.

• Develop studies that will document impact of supports and approaches to support for consumers using the Ticket.

• Track the impact of ENs on employment outcomes for Ticket users.

• Develop reports on impact of Ticket upon consumers (qualitative and quantitative approaches used).

• Develop comprehensive Web page addressing effective practices in the EN system.

**CAUTIONARY NOTES**

The AOI Advisory Group believes that the recommendations in this paper are essential to the success of the Ticket to Work program. We also believe there is widespread support for immediate modification to the payment system in order to, among other things, provide ENs some up front funding relief as well as changes to reduce the administrative burden on both ENs and beneficiaries.

We recognize, however, that some people may question the timing of some of our recommendations to reform the Ticket program and the guiding principles on which they are
based and favor a slower pace to address key policy issues. Some of these concerns are as follows:32

- The Ticket program has not yet been adequately marketed or funded. In addition, there was a delayed rollout in the 13 largest states and difficulties in ENs and beneficiaries obtaining reliable information, struggles with implementation issues such as treatment of pipeline cases, payment rules and administrative data. Some believe that any new legislation as complex and far reaching as the Ticket program is likely to achieve low initial participation rates until it can be efficiently administered by SSA and well understood by the ENs, SSDI and SSI beneficiaries as well as relevant Federal and state agencies.

- It is widely believed that few beneficiaries are aware of existing work incentives that have been a part of the SSDI and SSI programs since their inception as well as the new incentives provided by the Ticket to Work and Work Incentives Improvement Act. Although the Ticket to Work program requires trained, accessible, and responsive employees that will assist beneficiaries who attempt to work, the position has not yet been firmly established in SSA's field offices.

- To date, there is a sparsity of definitive, reliable research findings regarding the number and characteristics of the population of individuals with disabilities in the targeted groups or the level and cost of service that will be needed. The SSA Adequacy of Incentives Study, mandated by law, is in the early stages and it is unknown with a high degree of certainty what it will take for ENs to serve these individuals.

- The possible increase in short-term costs might erode support for the program. The cumulative effect of expanding the categories of persons eligible to use a Ticket, providing increased payments to ENs and establishing additional financial incentives for beneficiaries to participate in the Ticket program could be difficult for the many stakeholders to immediately absorb.

# APPENDIX 1

COST/BENEFIT ANALYSIS FOR SSI
PROPOSED OUTCOME-MILESTONE PAYMENT SYSTEM

*Based on FBR=$552

<table>
<thead>
<tr>
<th>Milestones At Initial Efforts at Self-Sufficiency ($600/mo.)</th>
<th>EN Payment</th>
<th>SSI Benefits Not Payable*</th>
<th>SS Tax Contribution @ 12.4%</th>
<th>SSI Net + or (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placement @ 2 weeks of work</td>
<td>$1,000.00</td>
<td>$107.50</td>
<td>$37.00</td>
<td>$(855.50)</td>
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<tr>
<td>2 Months</td>
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<td>$(501.75)</td>
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<tr>
<td>5 Months</td>
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<td>$772.50</td>
<td>$223.00</td>
<td>$(4.50)</td>
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<tr>
<td>9 Months</td>
<td>$1,000.00</td>
<td>$1,030.00</td>
<td>$297.60</td>
<td>$327.60</td>
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<tr>
<td>Totals</td>
<td>$4,000.00</td>
<td>$2,296.25</td>
<td>$669.60</td>
<td>$(1,034.15)</td>
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<table>
<thead>
<tr>
<th>Quarters at Partial Self-Sufficiency ($800/mo. X 3=$2,400)</th>
<th>SSI Net per Qtr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qtr 4-8 Per Quarter</td>
<td>$570.10</td>
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<tr>
<td>Qtrs 9-20 Per Qtr.</td>
<td>$770.10</td>
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<tr>
<td>Total Outcome Payments</td>
<td>$11,200.00</td>
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<tr>
<td>Milestones+Outcome Payments</td>
<td>$15,200.00</td>
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<tr>
<td>Total Net Savings</td>
<td>$11,057.55</td>
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</table>

<table>
<thead>
<tr>
<th>Quarters at Full Self-Sufficiency ($1200/mo.x 3=$3,600)</th>
<th>Total Net Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qtr 4-8 Per Qtr.</td>
<td>$1,102.40</td>
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<tr>
<td>Qtrs 9-20 Per Qtr.</td>
<td>$1,352.40</td>
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<tr>
<td>Total Outcome Payments</td>
<td>$14,000.00</td>
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<tr>
<td>Milestones+Outcome Payments</td>
<td>$18,000.00</td>
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<tr>
<td>Total Net Savings</td>
<td>$20,706.65</td>
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# Cost/Benefit Analysis for SSDI

## Proposed Outcome-Milestone Payment System

### Milestones

<table>
<thead>
<tr>
<th>At Initial Efforts at Self-Sufficiency ($600/mo.)</th>
<th>EN Payment</th>
<th>SSDI Benefits Not Payable*</th>
<th>SS Tax Contribution @ 12.4%</th>
<th>SSDI Net + Or (-)</th>
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<tr>
<td>Placement @ 2 weeks of work</td>
<td>$1,000.00</td>
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<td><strong>Total Milestone Payments</strong></td>
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<td><strong>$669.60</strong></td>
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### Quarters at Partial Self-Sufficiency ($800/mo. X 3 = $2,400)

| Qtr 4-8 Per Quarter*                              | $800.00    | $2,457.00                  | $297.60                     | $1,954.60         |
| Qtrs 9-20 Per Qtr.                               | $600.00    | $2,457.00                  | $297.60                     | $2,154.60         |
| **Total Outcome Payments**                       | **$11,200.00** | **$2,457.00**            | **$297.60**                 | **$30,343.20**    |

**Total Milestones+Outcome Payments** $15,200.00

**Total Net Savings** $30,343.20

### Quarters at Full Self-Sufficiency ($1200/mo. X 3 = $3,600)

| Qtr 4-8 Per Qtr.                                 | $1,000.00  | $2,457.00                  | $446.40                     | $1,903.40         |
| Qtrs 9-20 Per Qtr.                              | $750.00    | $2,457.00                  | $446.40                     | $2,153.40         |
| **Total Outcome Payments**                      | **$14,000.00** | **$2,457.00**            | **$446.40**                 | **$30,124.00**    |

**Total Milestones+Outcome Payments** $18,000.00

**Total Net Savings** $30,124.00

*For

SSDI savings start in Qtr. 5
due to TWP + grace period
### COST/BENEFIT ANALYSIS FOR SSI
### PROPOSED OUTCOME ONLY PAYMENT SYSTEM

#### Quarters at Partial Self-Sufficiency
($800/mo. x 3=$2,400)

<table>
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<tr>
<th>EN Payment</th>
<th>SSI Benefits Not Payable*</th>
<th>SS Tax Contribution @ 12.4%</th>
<th>SSI Net</th>
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<tr>
<td>Qtrs 1-8</td>
<td>$1,000.00</td>
<td>$1,072.50</td>
<td>$297.60</td>
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<tr>
<td>Qtrs 9-20</td>
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<td>Total Outcome Only Payments</td>
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<td>Total Net Savings</td>
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#### Quarters at Full Self-Sufficiency
($1200/mo. x 3=$3,600)

<table>
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<th>EN Payment</th>
<th>SSI Benefits Not Payable*</th>
<th>SS Tax Contribution @ 12.4%</th>
<th>SSI Net</th>
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<tbody>
<tr>
<td>Qtrs 1-8</td>
<td>$1,200.00</td>
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</tr>
<tr>
<td>Qtrs 9-20</td>
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*Figured at FBR=$552
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<tr>
<th>Quarters at Partial Self-Sufficiency ($800/mo.x 3=$2,400)</th>
<th>EN Payment</th>
<th>SSDI Benefits Not Payable*</th>
<th>SS Tax Contribution @ 12.4%</th>
<th>SSDI Net</th>
<th>Total Outcome Only Payments</th>
<th>Total Net Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qtrs 1-8</td>
<td>$1,000.00</td>
<td>$2,457.00</td>
<td>$297.60</td>
<td>$1,754.60</td>
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<tr>
<td>Qtrs 9-20</td>
<td>$700.00</td>
<td>$2,457.00</td>
<td>$297.60</td>
<td>$2,054.60</td>
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<td><strong>Total Outcome Only Payments</strong></td>
<td><strong>$16,400.00</strong></td>
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</tr>
<tr>
<td><strong>Total Net Savings</strong></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarters at Full Self-Sufficiency ($1200/mo.x 3=$3,600)</th>
<th>EN Payment</th>
<th>SSDI Benefits Not Payable*</th>
<th>SS Tax Contribution @ 12.4%</th>
<th>SSDI Net</th>
<th>Total Outcome Only Payments</th>
<th>Total Net Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qtrs 1-8</td>
<td>$1,200.00</td>
<td>$2,457.00</td>
<td>$446.40</td>
<td>$1,703.40</td>
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<tr>
<td>Qtrs 9-20</td>
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<td>$2,457.00</td>
<td>$446.40</td>
<td>$2,103.40</td>
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<td><strong>Total Outcome Only Payments</strong></td>
<td><strong>$19,200.00</strong></td>
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<tr>
<td><strong>Total Net Savings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*For SSDI savings start in Qtr. 5 due to TWP + grace period
APPENDIX 2

Adequacy of Incentives (AOI) Advisory Group

David Mank, Ph.D., Chair
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S.L. Start & Associates

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Technical Advisors:

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Program Manager  
Oklahoma Department of Rehabilitation Services

Paul Seifert  
Director of Government Relations  
International Association of Psychosocial Rehabilitation Services