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## Introduction

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The disability programs administered by the Social Security Administration (SSA) are attracting increasing attention from all sides. Program administrators, people with disabilities and their advocates, and legislators and their constituencies are closely watching a group of programs that one might have expected to settle into the relative calm of senior citizenship by now. After all, The Social Security program is 60 years old. Disability Insurance and Supplemental Security Income have been in operation for about 40 and 20 years, respectively. But issues like financing, program growth, and employment of beneficiaries with disabilities are being discussed and debated with increasing vigor as the country's demographics and as attitudes toward disability change.

Topics of broad interest surrounding these disability programs are too many and varied for a collection of articles like this to touch on all of them. This issue of the *Journal of Vocational Rehabilitation* attempts, however, to advance the discussion of several of the topics with contributions from a variety of perspectives by authors of varied backgrounds.

First, what are the programs? Social Security Disability Insurance (SSDI or, frequently, simply DI) insures workers whose wages have been subject to the social security payroll tax. In addition, Social Security Old Age and Survivors Insurance (OASI) includes certain disability benefits, often loosely referred to as DI as well. OASI provides benefits for young children of retired and deceased workers, but a son or daughter with a disability that originated in childhood (before age

22) remains eligible for child's benefits throughout his or her life, instead of just to age 18. A worker's widow(er) with a disability can begin receiving OASI benefits at age 50 instead of 60. The same applies to children and spouses of disabled worker beneficiaries. Eligibility for any of these benefits is not subject to tests of income or assets.

The Supplemental Security Income (SSI) program provides cash assistance to persons with disabilities (and persons 65 and over) who have little income and assets. The SSI payment amount is lower the higher the recipient's income. There is no requirement of previous earnings subject to social security taxes. Beneficiaries of the DI and OASI programs whose benefits are low may qualify for SSI concurrently.

The definition of disability under all these programs is the same: 'The inability to engage in substantial gainful activity (SGA) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months' (SSA, 1995b, p. 123). SGA is presently defined as employment that pays more than \$500 per month. A DI beneficiary who earns the SGA amount for a sustained period of time is dropped from the rolls. However, while the SGA criterion applies in becoming eligible for SSI, SGA is no longer a criterion for dropping an SSI recipient from the rolls.

DI and OASI disability beneficiaries qualify for health insurance through the Medicare program after a waiting period. SSI recipients automati-

cally and immediately qualify for Medicaid medical assistance in many states.

The articles in this issue do not explain the details of these programs. Good sources for that information are the *Social Security Handbook* (SSA, 1995b) and the *Annual Statistical Supplement to the Social Security Bulletin* (SSA, 1995a, pp. 18–88). The *Handbook* is published every few years, and the *Supplement* every year, and editions earlier than 1995 are adequate for most purposes. The latest edition of the *Handbook* can be read via Internet at:

<http://www.ssa.gov/handbook/ssa-hbk.htm>

Sources for information on other social programs mentioned in this issue are the *Supplement* (SSA, 1995a, pp. 89–143) and SSA (1993).

The articles focus on recent growth in the disability programs, incentives to work or to refrain from working that are explicit and implicit in the programs, and two SSA demonstration projects that have been fielded in the area of rehabilitation.

Two articles explore the rapid growth in DI and SSI applications and awards during the 1988–1992 time period. Dr. David C. Stapleton and Dr. Gina A. Livermore report an important feature of this growth, i.e. that it was not uniform across impairment categories. Applications and awards based on mental disorders and musculoskeletal conditions grew much more rapidly than applications and awards based on other impairments. Within the mental impairment category, application and award growth was greatest for addiction and affective disorders. Within the musculoskeletal impairment category, application growth was greatest for back injuries.

Stapleton and Livermore find several explanations for these phenomena based on information obtained from interviews conducted with administrators of 17 states' disability determination services, interviews with government and academic experts in disability policy, descriptive and econometric analyses of state-level DI and SSI application and award data, and a review of published and unpublished literature. Changes in SSA eligibility criteria and demographic changes affected

both mental and musculoskeletal impairment applications; state and local shifting and outreach efforts affected mental impairment applications; and recession affected musculoskeletal applications.

The authors conclude that financial incentives, vocational rehabilitation (VR), and other assistance in returning individuals to the labor force may become more cost-effective and successful than in the past, given the nature of disabling impairments among current awardees. With respect to VR programs, the same factors that have been found to influence applications and awards for DI and SSI are also likely to influence the demand for VR services. Mental and musculoskeletal impairments together represent the majority of state VR clients. Declines in state and local support, the recession, and demographic changes will likely translate into increased demand for VR services from those populations.

L. Scott Muller and Dr. Peter M. Wheeler approach the growth phenomenon from another view point, that of the managers of all the local Social Security offices nationwide. SSA undertook a Survey of Field Office (FO) Managers to obtain managers' perspectives about the impact on applications for benefits of the local economy, the number and types of advisors and organized outreach efforts in their area, and financial incentives that encouraged applications. The survey was open-ended, giving respondents the opportunity to comment in an unstructured and unlimited format. Many managers took the time to provide insightful, in-depth responses, well beyond the required information.

Managers reported that local economic conditions have a significant impact on applications in their area. External information and referrals and outreach efforts were also cited as sources of growth. Nearly 9 out of 10 FO managers indicated that welfare agencies often refer clients to SSA, including persons who are clearly not disabled. Attorneys advertising to handle disability claims was also a frequent occurrence. Other frequent sources of referrals were advocacy groups, legal aid, private disability insurers, and other applicant advisors.

Financial incentives to apply, included benefits of other programs that are payable while disability applications are pending, such as interim health coverage, a higher welfare payment or an extended payment after a child reaches an age of ineligibility, or exemption from work requirements under general assistance or welfare. Managers also noted that insurance companies, employers, and unions may require a DI application as a condition of disability benefits or long term sick pay.

Two other articles concern work incentives and disincentives under the DI and SSI programs. This is an area that continues to confound beneficiaries and professionals alike, partly because every work incentive introduced into a program adds complexity to the program rules. For example, many of us have heard professionals in conference presentations talk about the necessity to limit an SSI recipient's earnings to the SGA amount, \$500 per month, lest the recipient lose Medicaid and SSI eligibility. This information is years out of date. In fact, the amount of earnings it takes to lose Medicaid and SSI eligibility, the 'section 1619(b) threshold amount,' varies from state to state. In 1995 the threshold amount ranged between \$15 000 and about \$28 000 in annual earnings in all but two of the states.

Dr. Richard V. Burkhauser and David C. Wittenburg's article sheds light on the complexity of work disincentives. Burkhauser and Wittenburg also show how complexity grows the more programs in which an individual participates at one time. Drawing on the Census Bureau's Survey of Income and Program Participation (SIPP), the authors measure rates of employment of persons with disabilities and participation in various transfer programs.

The authors construct several prototypic cases of persons participating in multiple programs, based on the combinations more frequently observed in the SIPP. The article traces the vicissitudes of the combined benefit amounts of these programs as the recipients' earnings from work increase.

The debates over the negative income tax proposals in the 1970s showed that it is usually mathematically impossible to reconcile within a

transfer program (a) a desirable payment standard for someone who does not work, (b) a low rate of benefit loss due to working, and (c) a reasonable level of income at which benefits stop (see, for example, Aaron, 1973, and Anderson, 1978). The rate of benefit loss due to working, or 'implicit tax rate', of the SSI program is 50%. SSI is the only major program that could be implemented along negative-income-tax lines with so low a rate, because an SSI recipient unit is only one or two persons, so the payment in the absence of work is low.

Burkhauser and Wittenburg follow the implicit tax rates facing their prototypic beneficiaries through the twists and turns of SSI, DI, food stamps, Medicaid, and the Earned Income Tax Credit. The roller coaster journey is worth the effort if you can hold on to your seat.

Michael D. West, Dr. Paul Wehman, and Dr. Grant Revell give us a view of two SSI work incentive provisions through the eyes of the supported employment agency. The authors surveyed 385 such agencies on their use of the SSI provisions for Impairment Related Work Expenses and Plans for Achieving Self Support. This survey, like the SSA Survey of Field Office Managers, demonstrates the value of a combined anecdotal-quantitative investigation in staking out issues and communicating the collective understanding of the people in the field.

The generally favorable view of these SSI work incentive provisions detected by the survey contrasts with a recent report that is critical of various aspects of the provisions. West, Wehman, and Revell discuss this report in the light of their survey.

Each of the remaining two articles deals with an aspect of a major SSA demonstration project on rehabilitation of disability beneficiaries. SSA has, over the last decade and a half, devoted considerable attention to rehabilitation research. Two large scale projects were the Transitional Employment Training Demonstration (TETD), which provided job placement and coaching to SSI recipients with mental retardation, and Project NetWork, which provided case management and services to DI and SSI beneficiaries. Both projects employed randomized control groups and

sufficient sample size for statistically reliable conclusions.

Paul T. Decker and Craig Thornton draw interesting inferences on best practices in supported employment by comparing the experiences of the TETD sites. This article is not intended as an evaluation of the project as a whole, however publications in which the project has been described and evaluated by Thornton, Decker and others are cited for the interested reader.

Decker and Thornton find that the overall performance of supported employment programs can be improved through program models that emphasize flexible and persistent services. The demonstration's rigorous statistical evidence on long-term program impacts, combined with detailed case-study evidence on program operations, indicates that the most successful programs had the capability and flexibility to tailor their services to the needs of each participant. Successful programs tended to develop jobs in a wide array of occupations and to provide services for a relatively long period. Furthermore, successful programs moved quickly to place and train participants in potentially permanent jobs and did not require all participants to start work in training jobs.

Dr. Kalman Rupp, Michelle Wood, and Dr. Stephen H. Bell discuss targeting of participants in rehabilitation programs based on recruitment and participation in Project NetWork. That project recently concluded its field phase. They provide a detailed description of the process of outreach, intake, and the provision of services in the demonstration. The process of evaluating the outcomes, including collection of data on the ongoing experiences of treatment and control group members, is still underway, and will be reported in future publications.

Project NetWork was the first large-scale SSA demonstration targeting the full range of diagnostic categories for return-to-work intervention. Recruitment and enrollment were open and inclusive, encouraging participation regardless of the nature and severity of disabilities.

Rupp, Wood, and Bell provide information on various dimensions of the health and disability status, attitudes towards work, and motivation of both participants and non-participating eligibles.

The authors report a high incidence of depression and depressed-like feelings in both groups.

A notable finding is that only about 1 in 20 eligibles participated in the demonstration. This is higher than the current level of participation in VR by SSA disability beneficiaries, but lower than some had been hoping for. However, the project was successful in attracting persons the nature and severity of whose disabilities was diverse.

Earlier versions of the papers by Stapleton and Livermore and by Muller and Wheeler were presented at a conference on *SSA's Disability Programs: Explanations of Recent Growth and Implications for Disability Policy*, sponsored by SSA and the office of the Assistant Secretary for Planning and Evaluation of the Department of Health and Human Services. A forthcoming volume based on that conference will be edited by Kalman Rupp and David Stapleton and published by the W.E. Upjohn Institute for Employment Research.

The opinions and statements expressed by the authors who are employed by SSA, Peter Wheeler, Scott Muller, Kalman Rupp and myself, are our own and not SSA's.

My hope is that this issue of the *Journal* will assist its readers in contributing to the resolution of the challenges facing the disability programs and the challenges facing persons with disabilities.

Aaron J. Prero

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## About the Editor

Aaron J. Prero is an economist in the Office of Research, Evaluation, and Statistics, Social Secu-

rity Administration. He has written on topics of transitional/supported employment, work incentives under the Supplemental Security Income (SSI) program, Social Security taxes, and retirement benefits. He proposed, organized, and monitored Social Security's Transitional Employment Training Demonstration of job placement and coaching for SSI recipients with mental retarda-

tion. His current work is primarily in the area of SSI, with a special interest in the transition of students with disabilities from school to work. He holds a Ph.D. in economics from the George Washington University and has taught at several universities, most recently as an adjunct Professor of Economics at the University of Baltimore.