



Statement of

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Addressing Challenges and Creating  
Opportunities”**

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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.

## 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).<sup>1</sup>

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).<sup>2</sup> 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.<sup>3</sup> About one-quarter of SSI recipients ages 18-64 also received Social Security benefits that month.

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<sup>1</sup> 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*.

<sup>2</sup> SSA, "SSI Federal Payment Amounts," <https://www.ssa.gov/oact/cola/SSIamts.html>.

<sup>3</sup> SSA, "Monthly Statistical Snapshot, April 2024," Tables 2 and 3, [https://www.ssa.gov/policy/docs/quickfacts/stat\\_snapshot/](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](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.

## 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.<sup>4</sup> 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 pay or profit.<sup>5</sup> Work activity is ordinarily considered *significant* if it results in earnings that exceed the agency's SGA earnings level.<sup>6</sup> In 2024, the SGA earnings level is \$1,550 per month for most individuals.<sup>7</sup> 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 six to 18 months, while those considered not likely to improve medically are scheduled for a review once every five to seven years. Those who cannot be assigned to one of the other categories are scheduled for a medical review once every three 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 nine months within a certain period without having their benefits suspended or terminated. Beneficiaries "use up" one of their nine TWP months when their earnings exceed the TWP earnings level, which is \$1,110 per month in 2024.<sup>8</sup>

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<sup>4</sup> 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).

<sup>5</sup> 20 C.F.R. §§404.1510 and 416.910.

<sup>6</sup> Special rules apply to individuals who are self-employed.

<sup>7</sup> 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.

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

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 two months, called the *three-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.<sup>9</sup> 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 reduces 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.<sup>10</sup> In 2024, this threshold ranges from \$34,490 in Tennessee to \$86,438 in Alaska.<sup>11</sup>

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 five 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*.<sup>12</sup>

<sup>9</sup> The \$20 per month general income exclusion and the \$65 per month earned income exclusion are not adjusted for inflation.

<sup>10</sup> For more information, see CRS Report R46111, *Medicaid Eligibility: Older Adults and Individuals with Disabilities*.

<sup>11</sup> SSA, "Continued Medicaid Eligibility (Section 1619(B))," <https://www.ssa.gov/disabilityresearch/wi/1619b.htm>.

<sup>12</sup> SSA, *The Red Book*, <https://www.ssa.gov/redbook/>.

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

<b>Work Incentive</b>	<b>Description</b>
<b>SSDI Only</b>	
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 37 <sup>th</sup> 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).
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.
<b>SSI Only</b>	
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.
<b>Both SSDI and SSI</b>	
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 six 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.<sup>13</sup> 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.<sup>14</sup> 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.<sup>15</sup> 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).<sup>16</sup> These figures represent about 13% of all Social Security disability beneficiaries and about 5%-7% of all working-age SSI recipients in April 2024. In addition, about 0.6% of SSDI disabled-worker beneficiaries had their benefits suspended due to work in December 2022 (i.e., due to earnings above the SGA level)

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<sup>13</sup> 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>.

<sup>14</sup> 42 U.S.C. §434.

<sup>15</sup> 42 U.S.C. §1310(b).

<sup>16</sup> These estimates are from a SSA proposed rule discussed later on in this statement. See footnote 41.

and about 0.9% had their benefits terminated due to work in 2022.<sup>17</sup> A 2011 study estimated that about 0.5% of working-age SSI recipients have their benefits terminated due to work each year.<sup>18</sup>

A 2020 SSA study examined a cohort of working-age individuals awarded SSA disability benefits in 2001 and tracked their outcomes through 2015.<sup>19</sup> The study found that 5.4% of those awarded SSDI in 2001 and about 10.1% 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% of those awarded SSDI in 2001 and about 0.5% 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.<sup>20</sup> 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.<sup>21</sup>

In 1960, lawmakers replaced the earlier work incentive with the nine-month TWP and the three-month grace period.<sup>22</sup> 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.<sup>23</sup>

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.<sup>24</sup>

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<sup>17</sup> 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/](https://www.ssa.gov/policy/docs/statcomps/di_asr/).

<sup>18</sup> 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>.

<sup>19</sup> 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>.

<sup>20</sup> Social Security Amendments of 1956 (P.L. 84-880).

<sup>21</sup> U.S. Congress, House Committee on Ways and Means, *Social Security Amendments of 1955*, report to accompany H.R. 7225, 84<sup>th</sup> Cong., 1<sup>st</sup> sess., July 14, 1955, H.Rept. 84-1189, p. 5.

<sup>22</sup> Social Security Amendments of 1960 (P.L. 86-778).

<sup>23</sup> U.S. Congress, House Committee on Ways and Means, *Social Security Amendments of 1960*, report to accompany H.R. 12580, 86<sup>th</sup> Cong., 2<sup>nd</sup> 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.

<sup>24</sup> Social Security Amendments of 1965 (P.L. 89-97). Initially, VR service payments were limited to 1% of the prior year's total (continued...)

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.<sup>25</sup> 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 three-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.<sup>26</sup> 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).<sup>27</sup> 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 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.<sup>28</sup>

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 three-month grace period).<sup>29</sup> 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.<sup>30</sup>

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.<sup>31</sup> Interest in these proposals culminated with the enactment of the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). Among other things, the legislation established the TTW program, which allowed working-age disability beneficiaries to elect

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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.

<sup>25</sup> Social Security Amendments of 1972 (P.L. 92-603).

<sup>26</sup> Social Security Disability Amendments of 1980 (P.L. 96-265).

<sup>27</sup> 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>.

<sup>28</sup> Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35). See also SSA, “Social Security’s Vocational Rehabilitation Reimbursement Program,” [https://www.ssa.gov/work/vocational\\_rehab.html](https://www.ssa.gov/work/vocational_rehab.html).

<sup>29</sup> Employment Opportunities for Disabled Americans Act (P.L. 99-643).

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

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



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 period of extended Medicare coverage, and created new state options under Medicaid to permit certain workers with disabilities to "buy into" Medicaid.<sup>32</sup>

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.<sup>33</sup> 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 (P.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 the TWP level, which is lower than the SGA level tested in the BOND.<sup>34</sup> In addition, the POD eliminated the TWP and the three-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.<sup>35</sup> 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%).<sup>36</sup> Other reasons cited for not working included being discouraged by previous work attempts (26%), inaccessible workplaces (26%), and the inability to find jobs for which they are qualified (23%). (Multiple responses were possible.) The reasons cited by disability beneficiaries for not working are often referred to as *barriers to work*.<sup>37</sup>

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

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<sup>32</sup> 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](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*.

<sup>33</sup> SSA, "Benefit Offset National Demonstration," <https://www.ssa.gov/disabilityresearch/offsetnational.htm>.

<sup>34</sup> SSA, "Promoting Opportunity Demonstration," <https://www.ssa.gov/disabilityresearch/pod.htm>.

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

<sup>36</sup> *Ibid.*, Table 15.

<sup>37</sup> 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>.

overpayments may discourage further work attempts among disability beneficiaries.<sup>38</sup> For example, a 2024 study found that 3.1% of those awarded SSDI benefits in 2008 were overpaid at some point within the 10-year period after their award.<sup>39</sup> 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% of SSDI beneficiaries and about 13% of SSI recipients changed their employment in response to the overpayment.<sup>40</sup>

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.<sup>41</sup> 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.<sup>42</sup>

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 for beneficiaries' work efforts and for SSA's ability to administer the program."<sup>43</sup> 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."<sup>44</sup>

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.<sup>45</sup> 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.<sup>46</sup> Administrations have also put forth proposals to simplify SSA's work incentives. For instance, the President's budget for FY2021 proposed to "replace existing return-to-work programs and earnings rules with a simple system of offsetting DI

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

<sup>39</sup> 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>.

<sup>40</sup> 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/>.

<sup>41</sup> 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>.

<sup>42</sup> For more information, see CRS In Focus IF12632, *Social Security Overpayments: Debt Recovery*.

<sup>43</sup> 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>.

<sup>44</sup> GAO, *Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs*, p. 22.

<sup>45</sup> SSA, "Work Incentives Planning and Assistance," <https://www.ssa.gov/work/WIPA.html>.

<sup>46</sup> 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 9.

benefits based on a 4-tier earnings structure that is simpler and more efficient to administer.”<sup>47</sup> 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.<sup>48</sup> Since FY2012, 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 FY2012 and FY2023, SSA obligated a total of \$272.8 million to the OIS project.<sup>49</sup> 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.”<sup>50</sup>

## 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 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

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

<sup>48</sup> 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.

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

<sup>50</sup> SSA, “Occupational Information System Project FAQ’s,” [https://www.ssa.gov/disabilityresearch/ois\\_project\\_faqs.html](https://www.ssa.gov/disabilityresearch/ois_project_faqs.html).

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.<sup>51</sup>

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.<sup>52</sup> The report also states that there are “non-monetary benefits to work that have personal and social value.”<sup>53</sup> 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.”<sup>54</sup>

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

<sup>52</sup> Austin Nichols, Jeffrey Hemmeter, and Debra Goetz Engler, ed., *Lessons from SSA Demonstrations for Disability Policy and Future Research*, p. 22.

<sup>53</sup> Ibid.

<sup>54</sup> 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>.