

DRC BRIEF

David R. Mann

What Have we Learned about SSA and VR Program Interactions?

Some Supplemental Security Income (SSI) recipients and Social Security Disability Insurance (DI) beneficiaries seek to enter or re-enter the labor force, despite having a medical condition determined to prohibit work. For these individuals, the Vocational Rehabilitation (VR) program, which assists people with disabilities who want to work, is a helpful resource. In addition, by providing services that help people with disabilities achieve or maintain employment, VR may affect applications for SSI payments or DI benefits, delaying or diverting some while possibly hastening others. Exploring the relationship between SSI, DI, and VR helps us to better understand VR's potential role in stemming the growth in the SSI and DI caseload.

This issue brief highlights lessons from studies about the relationship between SSI, DI, and VR that were funded by SSA's Disability Resource Consortium (DRC). The studies yielded two overarching findings: (1) SSA payments to state VR agencies for assisting SSI recipients and DI beneficiaries to successfully achieve substantive work outcomes are relatively infrequent but could increase, and (2) VR service receipt is correlated with positive employment outcomes for certain transition-age youth, including former child SSI recipients and youth with mental health conditions (MHC). Both findings have implications for SSA and VR policy.

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WHAT IS VR AND WHY IS IT IMPORTANT TO SSI RECIPIENTS AND DI BENEFICIARIES?

The VR program provides services to people with disabilities who wish to work. VR is administered at the state level with federal oversight from the Rehabilitation Services Administration (RSA) in the U.S. Department of Education. About 80 percent of the program is funded by RSA grants to the state

agencies, with the other 20 percent coming from the state matching funds. Each state has either one or two VR agencies, depending on whether the state chooses to deliver services to vision-impaired customers in a separate, stand-alone agency. VR services are tailored to each customer and can include items such as counseling, tuition support, adaptive technology, and job coaching. Applying for VR services is voluntary. In federal fiscal year 2016, 972,000 individuals received VR services,

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SSI recipients and DI beneficiaries can apply for VR services. About 35 percent of VR applicants are SSI recipients or DI beneficiaries (Mann et al. 2017). In a recent survey, about 5 percent of DI beneficiaries reported receiving VR services in the previous three years (Hoffman et al. 2017). Six years after applying for services, 14 to 18 percent of VR applicants who were not DI beneficiaries when they applied had become DI beneficiaries (Stapleton and Martin 2012). SSI recipients and DI beneficiaries are almost always grouped with VR applicants who have the most severe disabilities and are therefore prioritized for services.

SSA has two programs that reimburse VR agencies in certain circumstances to encourage positive employment outcomes (see the box). The motivation behind both payment programs is to encourage state VR agencies to help SSI recipients and DI beneficiaries achieve meaningful work outcomes, thus generating savings for SSI and DI in the form of benefits forgone due to work. Despite their potential importance to the SSI, DI, and VR programs, few studies have examined SSA payments to state VR agencies.

In addition to serving working-age adults, VR provides services to transition-age youth—those age 14 to 24—with disabilities who want to enter the labor force. VR’s focus on this group has intensified in recent years. For instance, the Workforce Innovation and Opportunity Act of 2014 requires that at least 15 percent of each VR agency’s funds be spent on pre-employment transition services for students with disabilities. This focus on transition-age youth mirrors recent SSA demonstrations—including the Youth Transition Demonstration and the Promoting Readiness of Minors in SSI Demonstration—that seek to improve employment outcomes and decrease the benefit receipt rate for youth that are receiving or at risk of receiving SSI payments. Despite the focus of VR and SSA on transition-age youth, there is limited information not only about the employment and postsecondary education outcomes of transition-age youth who receive VR services but also about how these outcomes differ by SSI and DI participation status.

Two themes emerged from the DRC studies that examined the intersection of VR with SSI and DI. First, payments from SSA to VR agencies for SSI recipients and DI beneficiaries who receive VR services and then return to substantive work are relatively infrequent and could increase. Second, transition-age youth—such as former child SSI recipients and youth with MHC—who receive VR services are more likely to have positive employment outcomes. We describe these themes in more detail below.

SSA REIMBURSEMENTS TO VR AGENCIES

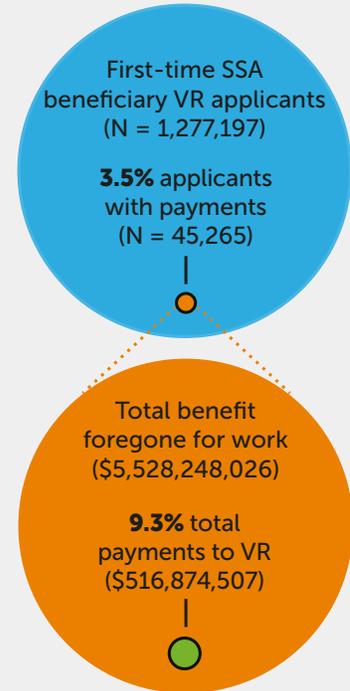
Payments to VR agencies by SSA are made through either the SSA/VR Cost Reimbursement program as direct cost reimbursement or under the Ticket to Work (TTW) program as an outcome- or milestone/outcome-based payment. State VR agencies can receive payments under the Cost Reimbursement program if an SSI recipient or DI beneficiary earns more than the substantial gainful activity (SGA) amount for at least nine months during a 12-month period. In 2018, the SGA amount is \$1,180 for non-blind beneficiaries and \$1,970 for blind beneficiaries. VR costs incurred from the customer’s initial SSI or DI eligibility through the ninth month of earnings greater than the SGA amount are eligible for reimbursement up to a maximum determined by SSA. On a case-by-case basis, the VR agencies can choose, instead, to receive TTW payments under one of the two program’s payment systems that are available to other qualified providers, called employment networks (EN). The TTW milestone/outcome system essentially pays an EN if an SSI recipient or DI beneficiary has work-related earnings at or above the Trial Work Period amount—\$850 in 2018—for certain periods of time (SSA 2018a). TTW’s outcome payment system essentially makes payments to an EN each month in which a customer’s work-related earnings are equal to or greater than the SGA amount—up to for 36 months for DI and 60 months for SSI (SSA 2018b).

SSA PAYMENTS TO VR ARE INFREQUENT AND REPRESENT A FRACTION OF BENEFITS FOREGONE BECAUSE OF WORK

Although SSA has two programs under which state VR agencies may be reimbursed for services provided to SSI recipients and DI beneficiaries, research on payment to state VR agencies had, before Schimmel Hyde and O’Leary (2017), focused exclusively on the TTW program (for example, see Livermore et al. 2013). No prior studies had analyzed payment to state VR agencies under the Cost Reimbursement program. To address this knowledge gap, Schimmel Hyde and O’Leary (2017) quantified all payments made by SSA to state VR agencies and compared them with all SSA cash benefits forgone for work among the payment-eligible population. To conduct this analysis, the authors linked SSA administrative data in the 2012 Disability Analysis File to case-level administrative data in several RSA-911 files. The linked data included information from 1998 through 2012, and the resulting analysis group includes virtually all SSI recipients and DI beneficiaries who first applied for VR services from 2002 through 2007. Each applicant was followed for at least five years after the year of application.

Schimmel Hyde and O’Leary (2017) had two key findings: first, payments from SSA to state VR agencies were infrequent; second, the amount of the payments was less than an eighth of all benefits forgone because of work. In the analysis period, 3.5 percent (or 45,265) customers had sufficient earnings to trigger a payment from SSA to a state VR agency, and payments to these agencies totaled \$516,874,507 (Figure 1). Among the 3.5 percent who applied to VR and eventually had any benefits forgone because of work, payments to agencies equaled about 9.3 percent of all benefits forgone. The authors also found that SSA payments to VR agencies relative to the size of benefits forgone varied substantially across state VR agencies, ranging from 0.0 percent (Delaware’s VR agency for the vision-impaired) to 9.4 percent (Nebraska’s VR agency for the vision-impaired). At the end of the study, the authors noted that some changes to the payment process went into effect after the analysis period. Hence, current payment rates may be higher than those described in their paper and reflect SSA’s desire to increase payments to state VR agencies.

VR payments among all SSA beneficiary first time VR applicants, 2002 through 2007



Source: Schimmel Hyde and O’Leary (2017)

Figure 1

VR SERVICE RECEIPT IS ASSOCIATED WITH POSITIVE EMPLOYMENT OUTCOMES AMONG TRANSITION-AGE YOUTH, INCLUDING THOSE WHO RECEIVE SSI PAYMENTS OR HAVE MHC

Former child SSI recipients typically have poor employment outcomes, and most continue to receive disability payments as adults. SSI provides payments to the families of children who have conditions that meet SSA’s definition of disability in children. At age 18, the SSI eligibility of each (now former) child SSI recipient is re-determined on the basis of the definition of disability in adults along with the other SSI eligibility criteria, including income and asset restrictions. Hemmeter et al. (2017) found that there is variation across states, but at the national level, SSA discontinues the benefits of about 34 percent of former child SSI recipients as the

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result of the redetermination. From ages 19 to 23, former child SSI recipients—regardless of their age-18 redetermination status—were disproportionately less likely than child nonrecipients to obtain an education, receive training, or be employed (Loprest et al. 2007). Relative to child SSI recipients who continued to receive SSI payments after age 18, those whose payments stopped at age 18 were more likely to be employed by the time they were 24 (49 versus 20 percent) and more likely to have earnings above the annualized SGA amount (22 versus 7 percent). However, the employment outcomes of both groups trailed far behind those of their peers who were not SSI recipients (Hemmeter et al. 2017).

Given the challenges that former child SSI recipients experience as they enter adulthood, researchers and policymakers are interested in understanding how VR could improve outcomes for this group. Hoffman et al. (2018) explored the employment and benefit receipt outcomes of former child SSI recipients at ages 27 to 30, estimating the association between outcomes and support services including VR, vocational training, and special education. To conduct the analysis, the authors linked the National Survey of SSI Children and Families to SSA’s Supplemental Security Record and Master Beneficiary

Record, which have information on SSI payments and DI benefits, respectively, as well as SSA’s Master Earnings File, which has information on FICA-taxable earnings information for all individuals with a Social Security number. The analysis sample included 1,054 individuals who were child SSI recipients at some point from ages 14 to 17. When weighted, the sample represented 212,812 child SSI recipients. By ages 27 to 30, more than half of the sample members were not employed, and just 17 percent had earnings greater than the annualized SGA amount. In terms of benefit receipt, 40 percent of the sample members at ages 27 to 30 received neither SSI nor DI benefits, 37 percent received SSI payments only, and 14 percent received SSI and DI benefits (Figure 2). The authors found that VR service receipt was associated with a 9 percentage point increase in the likelihood of earning more than the annualized SGA amount and a 13 percentage point decrease in the likelihood of SSI or DI receipt from ages 27 to 30. When compared with other interventions, such as vocational training or special education, VR was associated with the most positive outcomes.

Among transition-age youth, those with mental health conditions are of special interest to policymakers because they make up a substantive part of the child SSI caseload. MHCs include

Benefit and employment outcomes of former child SSI recipients at ages 27 to 30

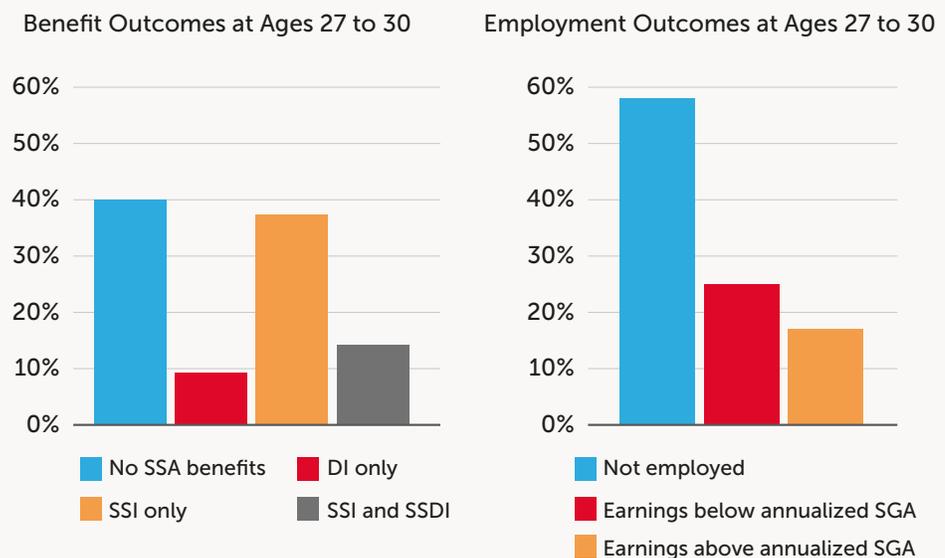


Figure 2

Youth VR customers with MHC who receive postsecondary services have better employment and benefit receipt outcomes than customers with MHC who do not receive postsecondary services.

schizophrenia and other psychotic disorders, depressive and other mood disorders, anxiety disorders, eating disorders, personality disorders, and other mental illnesses. In December 2016, 14.4 percent of child SSI recipients had some type of mental disorder (SSA 2017). Honeycutt et al. (2017) found that youth with MHC were less likely than youth without MHC to receive postsecondary or other VR supports. Given that poor postsecondary education outcomes are often linked with being unemployed and with SSI payment or DI benefit receipt, a natural extension of Honeycutt et al. (2017) was to examine the earnings and benefit receipt outcomes of this group.

Anand and Honeycutt (2018) explored the link between VR service receipt (especially postsecondary education supports), employment, and SSI or DI benefit receipt among transition-age youth (ages 16 to 24) with MHC. Similar to Schimmel Hyde and O’Leary (2017), Anand and Honeycutt (2018) conducted the analysis by linking the 2013 SSA Disability Analysis File to RSA-911 files from 2002 through 2013 and to the Master Earnings File. The findings showed that among those not receiving SSI payments or DI benefits at VR application, youth customers with MHC less frequently received SSI payments or DI benefits nine years after application than did customers without MHC. The authors also learned that youth with MHC who were not SSI recipients or DI beneficiaries when they applied to VR and received postsecondary supports were less likely, relative to those who did receive other VR services, to get SSI payments or DI benefits nine years after application. Overall, the authors’ findings suggest that youth VR customers with MHC who receive postsecondary services have better employment and benefit receipt outcomes than customers with MHC who do not receive postsecondary services.

IMPLICATIONS FOR POLICY

Studies funded by the DRC examined a variety of links between SSI, DI, and VR. These links span several topics, such as SSA payments to VR agencies, the employment outcomes of former child SSI recipients, and the benefit receipt outcomes of youth with MHC who apply for VR services. The findings from each of these studies have important implications for policy.

The findings from Schimmel Hyde and O’Leary (2017) suggest that state VR agencies in many states would have received substantially more payments from SSA for the beneficiaries they served in the study period (ending in 2007) had they submitted more payment requests. SSA has taken steps to make it easier for agencies to obtain payments since then. If agencies receive more revenue from SSA under either cost reimbursements or the new TTW payment systems, they will have additional resources—resources they can potentially use to serve more customers or to better serve existing customers.

The findings from Schimmel Hyde and O’Leary (2017) also show that benefits forgone for work far exceed SSA’s payments to VR. Although it could be that some or all of the benefits forgone represent a return on SSA’s investment in VR services, we do not know how much lower benefits forgone would have been had SSA not made that investment. Presumably, many of the beneficiaries served by VR would have obtained VR without the promise of potential SSA payments, and perhaps others would have given up their benefits after finding a job without VR services. Hence, it would be a mistake for policymakers to assume on the basis of these statistics alone that SSA’s investment more than pays for itself through reductions in disability benefits.

The other DRC-funded studies we discussed highlight the potential for VR services to improve employment outcomes and reduce reliance on benefits among SSI recipients, DI beneficiaries, and nonparticipants alike. The studies report on strong associations between VR services on the one hand and later employment and benefit outcomes on the other. They do not, however, tell us the extent to which the provision of VR services actually improved those outcomes relative to what they would have been without the services. For example, although Hoffman et al. (2018) did not establish a causal relationship between VR service receipt and positive employment outcomes among former child SSI recipients, the positive correlation they found between VR and employment suggests that VR may have lasting benefits for transition-age youth. Of particular note is that relative to transition-age youth who received other types of employment supports, VR customers had the best outcomes. Though this result may be driven by who chooses a certain type of support, the results from Hoffman et al. (2018)

VR agencies could increase their program funding by more frequently seeking reimbursement from SSA for customers who achieved substantive earnings levels and were SSI recipients or DI beneficiaries.

When generating causal evidence about VR's effects on transition age youth, special focus should be paid to youth with MHC and the potential for postsecondary education services to improve outcomes.

are promising for VR and suggest that generating causal evidence for VR's effects on transition-age youth would be beneficial. Ongoing SSA demonstrations, such as PROMISE, or RSA's Transition Work-Based Learning Model Demonstrations, are currently working to generate that evidence (Fraker et al. 2014; RSA 2018b). In addition, the findings of Anand and Honeycutt (2018) suggest that when generating causal evidence about VR's effects on transition age youth, researchers and stakeholders should concentrate on youth with MHC and the potential for postsecondary education services to improve outcomes.

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