

Ticket to Work (TTW) at the Crossroads: A Solid Foundation with an Uncertain Future (as of June 2008)

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TTW Evaluation before the July 2008 Regulatory Changes

- SSA substantially strengthened its platform for financing employment services for beneficiaries
- The vibrant market for services envisioned by the framers of the Ticket Act had not been realized
- No detectable impacts on earnings or benefits
- By 2005, it was clear that TTW needed a significant stimulus, or it would die
- There were good reasons to try



SSA's Platform for Financing Employment Services

- **TTW introduced two “new” earnings-based Ticket payment systems for all providers (employment networks, EN)**
 - **Milestone-outcome**
 - **Outcome-only**
 - **ENs had to choose one for all Tickets**
- **Traditional payment system was maintained**
 - **State vocational rehabilitation agencies (SVRA) only**
 - **Based on earnings and costs**
 - **SVRAs could choose between traditional payment and one of the initial systems, case-by-case**

Expansion of the Platform Challenged SSA

- Layered over the work incentives of two overlapping, but different, income support programs, SSDI and SSI
- By an agency:
 - Responsible for a program that defines “disability” as “inability to engage in substantial gainful activity”
 - With long backlogs of pending applications and post-entitlement work
- By 2005, the platform was firmly established, if imperfect

Provider Interest in TTW Had Waned

- **Of 1,576 ENs, by December 2005:**
 - Only 45% had accepted Tickets
 - Only 5% had accepted 10 or more Tickets
- **Only 18 SVRAs had accepted 10 or more Tickets under a new payment system**
- **Out of 3,141 counties**
 - No EN had accepted a Ticket from any beneficiary in 2,049
 - Only 1 EN had accepted a Ticket in 582
 - In 130 counties, 5 or more ENs had accepted Tickets
- **By April 2007, the number of ENs had fallen to 1,300**

Providers Could Not Prosper on TTW Alone

- **Values per Ticket accepted over 3 years:**
 - **Cost: about \$2,500**
 - **Revenue: less than \$500**
 - **SSDI: \$489; SSI: \$180**
 - **Tickets with payments:**
 - **Milestone-outcome: 15%; Outcome-only: 11%**
 - **Additional payments needed to break even:**
 - **SSDI: 51; SSI: 190**
- **To succeed, providers needed:**
 - **Extraordinary success**
 - **Lower costs**
 - **Other sources of revenue**

Service Use Changed Little

- **December 2005, early rollout states:**
 - 1.8% of eligible beneficiaries had assigned their Tickets
 - 94.5% were assigned to SVRAs
 - 90.3% under the traditional payment system
- **Most TTW participants would have received services in the absence of TTW**
 - In the year after rollout, 3.8% of beneficiaries would have received services under the pre-TTW system
 - Under TTW, that percentage increased by 0.1 to 0.7 percentage points

Early Impacts on Earnings and Benefits: Too Small to be Detected

- **Impact evaluation was limited to first two years**
 - Compared early rollout states to late rollout states
- **Small service enrollment impacts had not led to detectable impacts on earnings and benefits**
 - Hard to distinguish between “impacts” and pre-Ticket trends
 - Earnings and benefit impacts are expected to be delayed
- **Opportunity for rigorous impact estimation has passed**
- **Large numbers of TTW participants do exit for work, at least temporarily**
 - In the early rollout states, outcome payments in 2004 were equivalent to 335 beneficiaries being off the rolls for a full year
 - Many might have left the rolls due to work anyway

Why Continue?

- **TTW was never piloted so initial success would have been a surprise**
 - **Congress anticipated the need to test and reconfigure**
 - **Building the platform took precedence**
 - **The platform is in place**
- **A small impact on exits would pay for the program**
- **Policy and economic change affect TTW's value**
- **Beneficiary interest in employment is high**

Beneficiary Interest in Employment is High

- **In 2005:**
 - **41% (4 million beneficiaries) wanted to work**
 - **18% were working or seeking work**
 - **Involuntary non-participation was nontrivial**
- **Greater outreach could increase use of TTW**
 - **Only 25% of nonparticipants had heard of TTW**
 - **Participation of 20-25% is conceivable**

Provider Prospects for Economic Success have Improved Substantially

- **Given our cost estimates and TTW participant earnings experiences**
 - ENs primarily serving SSDI beneficiaries can break even
 - ENs primarily serving SSI-only beneficiaries will have more difficulty
- **There are important opportunities to reduce costs**
 - **Partnership Plus**
 - **Serving beneficiaries that are already “clients”**
 - One-Stop Employment Centers
 - Community Service Providers
 - Independent Living Centers
 - Labor market intermediaries
 - Employers



Impact of the New Regulations?

- **Increased provider and beneficiary participation are likely**
- **TTW program costs will likely also increase**
- **Will the higher costs be justified by earnings increases and benefit reductions?**

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