



# BOND Implementation and Evaluation

# BOND Final Design Report

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## Acronyms Used in this Report

<b>AIME</b>	Average Indexed Monthly Earnings	<b>IRWE</b>	Impairment Related Work Expenses
<b>AWI</b>	Average Wage Index	<b>MaRC</b>	Master Record Component
<b>BODS</b>	BOND Operations Data System	<b>MAX</b>	Medicaid Analytical Extract
<b>BOSIM</b>	Benefit Offset Simulation Model	<b>MEF</b>	Master Earnings File
<b>BOND</b>	Benefit Offset National Demonstration	<b>MBI</b>	Medicaid Buy-in
<b>BOPD</b>	Benefit Offset Pilot Demonstration (Four state pilot)	<b>MDE</b>	Minimum Detectable Effect
<b>BTS</b>	Beneficiary Tracking System	<b>MSIS</b>	Medicaid Statistical Information System
<b>BYA</b>	BOND Yearly Amount	<b>OASDI</b>	Old-Age, Survivors, and Disability Insurance
<b>CATI</b>	Computer Assisted Telephone Interviewing	<b>OASI</b>	Old-Age and Survivors Insurance
<b>CAPI</b>	Computer Assisted in Person Interviewing	<b>OPDR</b>	Office of Program Development and Research
<b>CDR</b>	Continuing Disability Reviews	<b>PDI</b>	Private Disability Insurance
<b>CMS</b>	Centers for Medicare & Medicaid Services	<b>PII</b>	Personal Identifying Information
<b>CWIC</b>	Community Work Incentive Coordinators	<b>RSA</b>	Rehabilitation Services Administration
<b>DAC</b>	Disabled Adult Child	<b>SGA</b>	Substantial Gainful Activity
<b>DER</b>	Detailed Earnings Records	<b>SNAP</b>	Supplemental Nutrition Assistance Program
<b>DWB</b>	Disabled Widow/Widowers Benefits	<b>SSA</b>	Social Security Administration
<b>EN</b>	Employment Network	<b>SSDI</b>	Social Security Disability Insurance
<b>EPE</b>	Extended Period of Eligibility	<b>SSI</b>	Supplemental Security Income
<b>ESP</b>	Employment Service Plan	<b>SVRA</b>	State Vocational Rehabilitation Agency
<b>EWIC</b>	Enhanced Work Incentives Counseling, Or Counselor	<b>TRF</b>	Ticket Research File
<b>MEDB</b>	Medicare Enrollment Data Base	<b>TTW</b>	Ticket-to-Work
<b>DESY</b>	Data Extract System	<b>TWP</b>	Trial Work Period
<b>FMAX</b>	Family Maximum	<b>WC</b>	Workers' Compensation
<b>GDP</b>	Gross Domestic Product	<b>WIC</b>	Work Incentive Counseling, Or Counselor
<b>GP</b>	Grace Period	<b>WIPA</b>	Work Incentives, Planning, and Assistance
<b>IRS</b>	Internal Revenue Service	<b>WISE</b>	Work Incentives Seminar Events

## Terminology

1. **Prospective BOND subjects:** beneficiaries in the pool eligible for potential assignment at Stage 1.
2. **Stage 2 solicitation pool:** SSDI-only beneficiaries to be recruited for Stage 2.
3. **Stage 2 volunteers:** those subjects who volunteer for Stage 2.
4. **BOND subjects:** beneficiaries assigned to any of the five BOND treatment or control group, at either stage (see **Exhibit 2-3**). Terms for subjects in specific groups are as follows:
  - a. **Treatment subjects:** All subjects offered the use of the benefit offset, including:
    - i. **T1 subjects** or **Stage 1 treatment subjects:** Those offered the offset at Stage 1.
    - ii. **Stage 2 treatment subjects:** Those offered the offset at Stage 2, including:
      - (1) **T21 subjects** or **Stage 2 offset-only subjects:** Stage 2 volunteers offered the offset, but not offered enhanced work-incentives counseling.
      - (2) **T22 subjects** or **Stage 2 offset-EWIC subjects:** Stage 2 volunteers offered both the offset and enhanced work-incentives counseling.
  - b. **Control subjects:** Those whose benefits will continue to be determined by current law.
    - i. **C1 subjects** or **Stage 1 control subjects:** Those assigned to the Stage 1 control group.
    - ii. **C2 subjects** or **Stage 2 control subjects:** Stage 2 volunteers assigned to the Stage 2 control group.
5. **BOND users:** those treatment subjects who take up a BOND treatment. These include:
  - a. **Offset-only users** – all treatment subjects who have their benefits reduced by the offset but *do not use EWIC*, either because EWIC is not offered or because they choose not to avail themselves of it.
  - b. **EWIC-only users** – all treatment subjects who use EWIC services *but do not have their benefits reduced by the offset*, because their earnings never rise high enough to use it. They can only be subjects in the T22 group.
  - c. **Offset - EWIC users** – All treatment subjects who use EWIC services *and have their benefits reduced by the offset*. They can only be subjects in the T22 group.
  - d. **Offset users** – the combination of offset-only and offset-EWIC users.
  - e. **EWIC users** – the combination of EWIC-only and offset-EWIC users.

## Chapter One. Introduction

Administered by the U.S. Social Security Administration (SSA), Social Security Disability Insurance (SSDI) is the nation's primary income-replacement program for workers who become disabled. As part of the Ticket to Work and Work Incentives Improvement Act of 1999, Congress asked SSA to implement and evaluate a demonstration that would examine a change to SSDI, incorporating a \$1 for \$2 benefit offset. This report presents the design for that demonstration, now called the Benefit Offset National Demonstration (BOND). BOND is part of a broader initiative to identify and implement new policies and services that have the potential to help SSDI beneficiaries increase their earnings and income and reduce their reliance on SSDI benefits, thereby lowering the total cost of the program. This initiative includes both actual changes in policies through rulemaking as well as SSA's initiation of BOND and other large-scale demonstrations that include tests of changes in SSA policies and services. In seeking to identify ways to increase SSDI beneficiaries' participation in the labor market, BOND builds on the broader federal and state effort to fulfill the goals and promise of the 1990 Americans with Disabilities Act.

This opening chapter briefly describes the SSDI program and the problems BOND will address. The chapter also introduces the team that will implement and evaluate BOND, and concludes with a roadmap for the rest of the report.

### 1.1 SSDI

SSDI is the disability component of Old Age Survivors and Disability Insurance (OASDI), commonly known as Social Security. Workers contribute to Social Security through payroll taxes and earn the right to benefits for themselves and their dependents when they reach retirement age, die, or, in the case of SSDI, experience the onset of a disability that prevents them from earning more than a minimal amount. The disabled adult children (DAC) and disabled widow(er)s (DWB) of Social Security beneficiaries may also qualify for benefits.

Under current law, the SSDI definition of disability includes the inability of an individual to engage in substantial gainful activity (SGA), defined in essence as the ability to earn a minimum monthly amount. (In 2010, the SGA amount for non-blind beneficiaries is \$1,000 per month.) To be eligible for SSDI, individuals must establish that they are not capable of performing SGA, and, therefore, must not be doing so. Given this definition, work above SGA is evidence that the beneficiary is no longer eligible for the program. SSDI beneficiaries earning more than the SGA level for longer than 12 months have their full benefit suspended in subsequent months with earnings at or above this level. Benefits can be suspended (but not terminated) during a 36 month re-entitlement period because earnings are above SGA. Cash benefits terminate after 36 months if earnings remain above SGA after this period of re-entitlement.<sup>1</sup>

To illustrate, if a beneficiary receives \$1,000 per month in benefits (just under the average in December 2009) and earns \$900 per month, total income from benefits and earnings would equal \$1,900 per month. If, however, the same beneficiary's earnings increased to \$1,100 per month for 12 months, cash benefits would be suspended and total income would *fall* to \$1,100. Thus, the \$200 increase in beneficiary earnings would result in an \$800 *decline* in total income; the beneficiary loses \$1,000 in benefits as a

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<sup>1</sup> Suspension allows beneficiaries automatic return to benefits should their earnings fall below SGA, whereas termination requires individuals to re-apply for benefits.

result of the additional \$200 in earnings. This feature of SSDI is sometimes called the “cash cliff.” This interaction of earnings with SSDI benefits gives SSA beneficiaries a strong financial incentive to keep their earnings below the SGA level, unless they can earn substantially in excess of it.

SSDI also includes features intended to encourage beneficiaries to work and increase their earnings above SGA:<sup>2</sup>

- Following completion of the Trial Work Period (TWP), most beneficiaries with earnings above SGA continue to receive Medicare coverage for 93 consecutive months – nearly 8 years, and some longer;<sup>3</sup>
- Allowed Impairment Related Work Expenses (IRWE) are subtracted from earnings before determining whether the beneficiary is engaging in SGA;<sup>3</sup>
- SSA provides cost-reimbursement payments to state vocational rehabilitation agencies (SVRA) when they help beneficiaries achieve SGA earnings for a period of at least nine months;
- Between 2002 and 2004, SSA implemented the Ticket-to-Work (TTW) program, which added two new performance-based payment systems to the traditional State Vocational Rehabilitation Agency (SVRA) payment system and gave beneficiaries the opportunity to seek employment support services from other qualified public and private providers; and
- SSA’s Work Incentives Planning and Assistance (WIPA) grant program provides counseling to help beneficiaries understand current rules with respect to earnings, and to promote awareness of available employment supports.<sup>4</sup>

## 1.2 The Problem

Although at some point a substantial proportion of SSDI beneficiaries work at some level after beginning to receive benefits, only a small percentage work sufficiently to leave the SSDI rolls. Of those who began receiving benefits in 1996, almost 29 percent returned to work over the next 10 years, but only 6.5 percent had their benefits suspended for work at any point during that period, and only 3.7 percent had their benefits terminated for work.<sup>5</sup> The vast majority of beneficiaries stay on the rolls until they become eligible for Social Security retirement benefits or die. Their reduced productivity represents a very large

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<sup>2</sup> A detailed description of program provisions designed to help beneficiaries return to work and achieve sustained earnings above SGA appears in SSA (2010).

<sup>3</sup> Trial Work Period (TWP) and Impairment Related Work Expenses (IRWE) are described in Chapter 2.

<sup>4</sup> See Stapleton et al. (2008) for a description of TTW and WIPA.

<sup>5</sup> The 3.7 percent whose benefits were terminated for work is many times larger than a percentage that is frequently cited (e.g., in the Ticket to Work and Work Incentives Improvement Act): less than one-half of one percent of beneficiaries whose benefits are terminated for work in a typical year. Both statistics are correct; they just provide different information—how many SSDI entrants eventually have their benefits terminated for work (the larger figure) versus how many of those on the rolls in a given year have their benefits terminated for work. Return-to-work outcomes are substantially higher for those who enter SSDI at a relatively young age. For instance, of the 25 percent of those who entered in 1996 who were under age 40 in that year, 47 percent returned to work in the next 10 years, 16 percent had their benefits suspended for work in at least one month, and 10 percent had their benefits terminated for work (Stapleton et al., 2010).

social cost, the cost of their benefits is a significant burden on taxpayers, and beneficiaries themselves are deprived of the sense of accomplishment that work could provide.

In part because of the level of the SSDI benefit, beneficiaries and their families often struggle financially. For instance, in 2006, 41 percent of SSDI beneficiaries lived in households with income below the federal poverty line (FPL).<sup>6</sup> That figure is four times higher than estimates for those living in households without an adult with a disability (9.2 percent).<sup>7</sup> Another 44 percent of SSDI beneficiaries lived in households with incomes between 100 and 300 percent of the FPL; only 15 percent live in households with incomes higher than 300 percent of the FPL.

Low levels of work and high levels of reliance on SSDI also contribute to the growth of SSDI program expenditures. Growth in program expenditures is outpacing growth in payroll taxes and other income that support the SSDI Trust Fund.<sup>8</sup> Annual expenditures from the SSDI Trust Fund were 111 percent of income received by the Trust Fund in 2009 (-\$12.2 billion), and the Fund's Trustees project that benefit payments will continue to exceed revenues until the Trust Fund is exhausted in 2020.<sup>9</sup> Viewed more globally from the perspective of the overall budget and the domestic economy, SSDI expenditures have grown relative to all federal outlays and gross domestic product (GDP) in most years since 1989, and are currently at historical highs (**Exhibit 1-1**), constituting 2.5 percent of federal outlays and 0.9 percent of GDP. The best established reasons for this growth are the aging of the baby boom generation and increased labor force participation of women, but there is also evidence that changes in the labor market, changes in program eligibility criteria, the escalating cost of health care, and changes in other programs have played a role.<sup>10</sup> If more work among beneficiaries would lead to lower SSDI benefits and higher payroll tax payments, the problems of sustaining the SSDI Trust Fund would ease.

Many factors potentially explain why relatively few of those who return to work eventually leave the rolls, even temporarily. Undoubtedly, the largest factor is that all beneficiaries are significantly disabled, and it is unrealistic to expect work from the most disabled. Nonetheless, given the medical advances and workplace accommodations that have been achieved over the last two decades, it is plausible that different policies and services might significantly increase the proportion of individuals who work a sustained amount.

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<sup>6</sup> Livermore et al. (2009a) report separate statistics for SSDI-only beneficiaries and those who also receive SSI benefits. The statistics reported here are weighted averages of the two separate statistics, using the estimated percentage of beneficiaries in each group, from the same source, as weights.

<sup>7</sup> Source: Current Population Survey (CPS) at <http://www.census.gov/hhes/www/poverty/histpov/hstpov3.html>, accessed February 28, 2010.

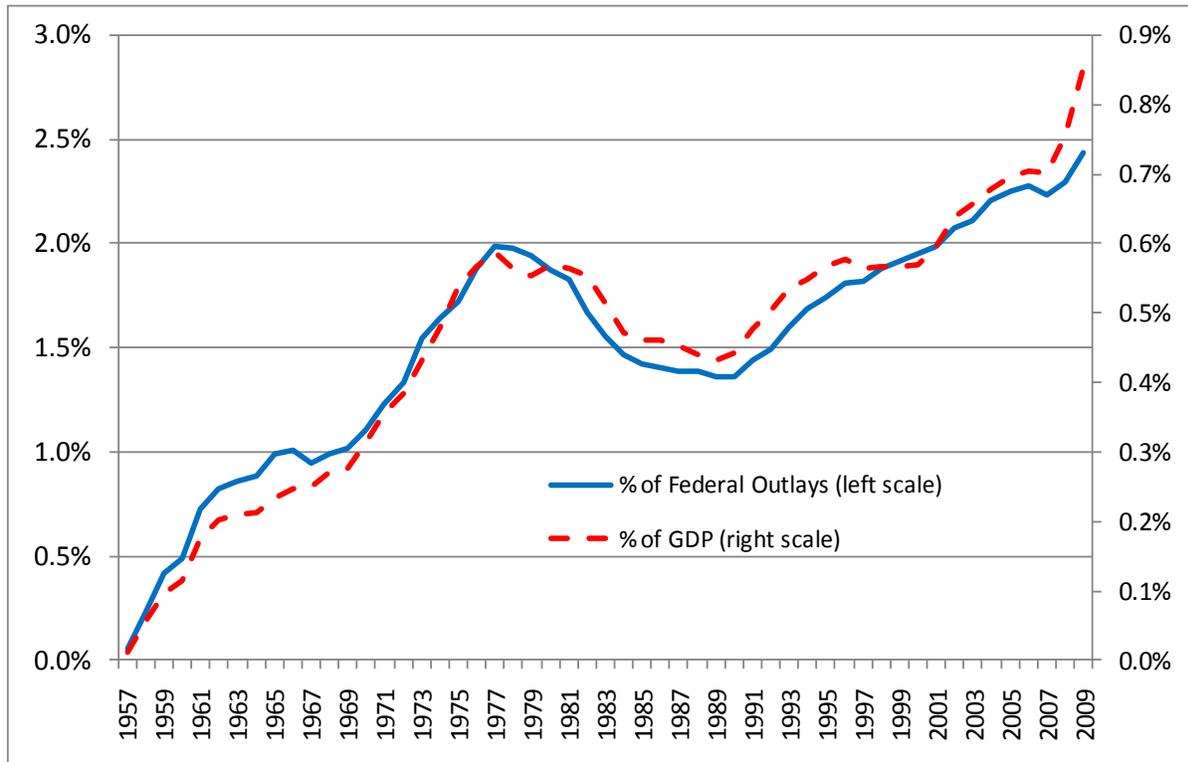
<sup>8</sup> Of the 12.4 percent combined employee and employer payroll tax that supports Old-Age, Survivors, and Disability Insurance (OASDI), 1.8 percentage points support the SSDI Trust Fund with the remainder supporting Old-Age and Survivors Insurance (OASI). In addition, the Trust Fund receives a much smaller amount from the taxation of benefits.

<sup>9</sup> This figure was reported by SSA's Office of the Actuary in Statistical Table 4a2, at <http://www.ssa.gov/oact/STATS/table4a2.html><http://www.ssa.gov/oact/STATS/table4a2.html>. Accessed April 19, 2010.

<sup>10</sup> See Autor and Duggan (2006).

One policy that likely has been a factor in undermining higher levels of work among beneficiaries is that extended achievement of earnings in excess of SGA reduces benefits to zero, i.e., the cash cliff. This loss of benefits provides a strong financial disincentive to substantial earnings by any beneficiaries who are not sure that they are able to work well in excess of SGA and thus make up for lost benefits.

**Exhibit 1-1. Growth in SSDI Benefits Paid as a Percentage of All Federal Outlays and of GDP**



Sources: Office of the Actuaries, SSA, Statistical Table 4a2, for SSDI benefits paid, available at <http://www.ssa.gov/oact/STATS/table4a2.html>. Department of Commerce, National Income and Product Accounts, Table 1.1.5 for GDP and Table 3.1 for federal outlays, available at <http://www.bea.gov/national/nipaweb/SelectTable.asp?Popular=Y>. Accessed April 19, 2010.

The cash cliff is not the only policy or service that is potentially a barrier to the return to work of SSDI beneficiaries. Other barriers include:

- Medical and functional status are the most common reasons cited for not working by those who have worked since becoming beneficiaries but are not currently working.<sup>11</sup> In some cases, it may be that these individuals' health status has further declined, and they have difficulty obtaining the medical services they need to maintain their medical and functional status. Referrals to appropriate treatment may help to reverse such declines.

<sup>11</sup> See Livermore et al. (2009b).

- Beneficiaries might also need other types of services or supports to work, and lack of access to these supports can be a deterrent. Necessary services and supports include those needed to address functional limitations, accessible transportation services, assistive devices, and job accommodations, among others. Some beneficiaries also need specialized services to support their job search.
- Beneficiaries are concerned about how increased earnings will affect benefits received from other public and private programs. Such concerns may or may not be justified. All beneficiaries are eligible for Medicare immediately after their 24th month of eligibility for SSDI. About one quarter also qualify for Supplemental Security Income (SSI), an SSA-administered program targeted to people with disabilities who also have low incomes and few resources. Almost all of these “concurrent” (i.e., SSDI and SSI) beneficiaries are also eligible for Medicaid. Some states have elected to offer Medicaid to at least some SSDI-only beneficiaries, as well, under optional state programs.<sup>12</sup> Some, but not all, of these benefits might be reduced eventually or lost if a beneficiary earns enough over a sustained period to leave the SSDI rolls. Because of benefit complexity and other factors, some beneficiaries might fail to understand the extent to which other benefits will remain available should they earn enough to leave the SSDI rolls.
- Beneficiaries distrust SSA or any government agencies or private organizations from which they receive income support or health insurance. Most beneficiaries had to go through a difficult process, including establishing that they are unable to work, to qualify for benefits. They may come to view SSA as an adversary, and may be suspicious of offers of help to engage in SGA. Beneficiaries need to be confident that they understand the rules about how higher earnings will affect their benefits, and that those administering their benefits will, in fact, follow the rules. The complexity of the rules, past problems with administering them, and the involvement of multiple agencies at multiple levels of government might all undermine this confidence.

Addressing these non-benefit structure barriers should result in increased employment and earnings.

### 1.3 BOND: Testing Potential Solutions to the Problem

BOND will test innovations to address the financial disincentives and other obstacles to increasing incomes and reducing dependence on SSDI benefits. BOND will test whether eliminating the SGA “cash cliff” and replacing it with a “ramp”—a gradual reduction of benefits by only one dollar for every two dollars of countable earnings above the BOND threshold—can increase return to work and earnings. Increased earnings are expected to lead to higher household incomes, although the effect of higher earnings on household disposable (i.e., after-tax) income will be partially offset by reductions in SSDI benefits paid and increases in payroll and income taxes. Net household income might also be affected by impacts on other components such as spousal earnings or private disability payments.

A number of other administrative changes will accompany the replacement of the cash cliff at SGA by a gradual reduction in benefits. We consider these changes part of the innovations to be tested. Many of these changes were designed to address issues identified in the four-state Benefit Offset Pilot

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<sup>12</sup> In addition to these benefits, in 2006, an estimated 6.0 percent of SSDI beneficiaries received veterans’ benefits, 19.1 percent received food stamps, 2.3 percent received workers compensation, and 5.1 percent received private disability benefits (Livermore et al., 2009a).

Demonstration (BOPD), discussed further in Chapter Two. These changes include: adoption of an annual rather than monthly accounting period to determine the benefit amount; adoption of federal income tax rules for defining annual earnings; prospective estimation of annual earnings and IRWE, with end-of-the-year benefit reconciliation; a demonstration system to facilitate and expedite earnings reporting; a centralized, largely automated system to effectuate benefit adjustments; a website and call center to help beneficiaries use BOND; and a change to TTW payment rules to ensure that providers are willing to accept the Tickets of beneficiaries assigned to the offset.<sup>13</sup>

The demonstration will also test another program change, at least in part based on the BOPD experience: the provision of more intensive counseling, termed Enhanced Work Incentives Counseling (EWIC). We will offer all beneficiaries who receive the BOND offset Work Incentives Counseling (WIC) (also known as “benefits counseling”), comparable to the counseling offered by WIPA grantees under current law, but tailored to counsel beneficiaries on the \$1 for \$2 benefit offset. In addition, we will offer one treatment group counseling that is substantially enhanced relative to WIC. EWIC is designed to at least partially address the four major factors in addition to the cash cliff (discussed earlier) that are likely to reduce beneficiaries’ return to substantial work and exit from SSDI. Under EWIC, counselors will be able to spend substantially more time helping each beneficiary, and together they will be able to address a broader range of issues. EWIC is expected to increase the impact of the offset by improving beneficiary understanding of how higher earnings will affect SSDI and other benefits. It is also expected to help beneficiaries access the medical treatments, employment supports, and job search assistance they might need to address other obstacles. In addition, by establishing a helpful and trusting relationship with beneficiaries, we intend EWIC to overcome skepticism and distrust, making it more likely that individuals will take advantage of the offset to increase their work and income. Thus, the evaluation will estimate both the impact of the benefit structure changes alone and the impact of the benefit structures combined with EWIC, both relative to current SSDI policy.

The BOND innovations could either increase or decrease a large range of government costs. They have the potential to both reduce SSDI program expenditures and increase payroll contributions to the Old-Age and Survivors Insurance (OASI), SSDI, and Hospital Insurance (Medicare) Trust Funds because we expect that some beneficiaries will earn more, receive lower benefits, and pay more taxes under the benefit offset, with or without EWIC, than they would under current law. It is also possible, however, that by reducing the number of beneficiaries that exit the rolls for work (“reduced exit”), the BOND innovations could increase SSDI expenditures, and reduce payroll taxes. Reduced exit is likely to occur because those who would work above the SGA level for an extended period of time and receive a zero benefit under current law will be able to receive a partial benefit under BOND.<sup>14</sup> Findings from the BOPD reinforce the potential importance of reduced exit from the rolls because of the availability of partial benefits.<sup>15</sup>

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<sup>13</sup> In the absence of this last change, providers would be disadvantaged when serving clients in the offset earnings range (i.e., on the “ramp” and not at full benefit cessation), because under current TTW rules, full payments to providers are made only when the client, because of earnings above SGA, receives no benefits for 36 months. Under the offset, clients will be able to receive partial benefits when their earnings are well above SGA, for nearly five years.

<sup>14</sup> Chapter Two provides greater detail on how this might happen, as well as why some beneficiaries might reduce their earnings.

<sup>15</sup> See Weathers and Hemmeter (2010).

Another possible pathway that might lead to increased government costs would be increased entry to SSDI that would occur if individuals decide to quit work in order to qualify for SSDI, intending to resume working above SGA with a partial benefit. After considerable consultation with experts, SSA determined that it would not be feasible for BOND to measure induced entry using an experimental research design based on random assignment.<sup>16</sup> Induced entry remains an important issue, nonetheless. SSA plans to assess the likely extent of induced entry through separate non-experimental research, combining these estimates with BOND's experimental estimates of changes in exit rates to provide an overall assessment of effects on the SSDI rolls. In addition, BOND will provide policymakers with an estimate of the level of induced entry that would counteract any lower costs due to increased work and earnings.

The BOND evaluation will also estimate the impacts of the BOND innovations on federal expenditures and revenues beyond SSDI, including outlays for other programs (e.g., for Medicare and Medicaid services), and revenues for other purposes (payroll taxes for OASI and Medicare, and income taxes). Increased work by BOND beneficiaries might lead them to use fewer services funded by other programs and contribute more to federal revenues. Some beneficiaries might, however, increase use of federally funded services in support of their employment efforts, or even reduce their earnings (and consequently revenues) so they can obtain partial benefits under BOND. This could occur either through induced entry or reduced exit. Furthermore, the future Social Security benefits of BOND participants might be higher because of their increased earnings. Overall, the BOND innovations have the potential to either decrease or increase overall expenditures, and the evaluation is intended to provide estimates of the net direction of changed spending and its magnitude.

Central to the assessment of the BOND innovations will be the extent to which they increase the contribution of beneficiaries, and potential beneficiaries, to economic output (measured by earnings), increase household income, reduce reliance on SSDI benefits, and how the costs and benefits of any changes are distributed among beneficiaries, federal and state government agencies, and taxpayers. The BOND evaluation will produce rigorous estimates of these impacts. The evaluation will also examine the net impact on the well-being of beneficiaries in greater detail, going beyond the impact on household disposable income to estimate impacts on health and other measures of well-being. To attain maximum scientific reliability for the impact estimates, the demonstration makes use of random assignment to create the various BOND treatment and control groups.

#### **1.4 The BOND Team**

The implementation and evaluation of BOND requires a diverse collection of skills and capabilities, including experience designing and executing large-scale random assignment impact studies, expertise in disability and employment policy, and the ability to implement secure data systems and manage complex data collection. The project also involves designing a communications strategy, operating a call center, and providing training and technical assistance to local agencies.

SSA awarded the contract for implementation and evaluation of BOND to Abt Associates, Inc. and its subcontractors—the “BOND team.” Those subcontractors include: Mathematica Policy Research, Inc.; Cherokee Information Services; HTA Technology; Lion Bridge Technologies, Inc.; Convergys; the Virginia Commonwealth University Rehabilitation Research and Training Center; Palladian Partners; the

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<sup>16</sup> As discussed below, random assignment is the most rigorous way to measure impacts of policy changes.

Center for Essential Management Services; MEF Associates; the University of Utah Institute for Public & International Affairs; SOSA Corporation; and TransCen.

To ensure the objectivity of the evaluation, we divided the BOND team into two components. The implementation team is responsible for setting up and operating the demonstration, including enrollment of subjects, assisting SSA with administration of the offset, recruiting counseling organizations, training counselors, and overseeing the delivery of WIC and EWIC services to BOND clients. The evaluation team is responsible for random assignment of beneficiaries to the various BOND (i.e., treatment) and non-BOND (i.e., control) groups, data collection to support the evaluation, analysis of the data, and reporting the findings. Evaluation team staff will play no role in implementing the intervention, and the implementation team will have no input to the evaluation. This bifurcation assures that the BOND research findings reflect the independent, unbiased assessment of the evaluation team researchers.

SSA has ultimate responsibility for the implementation and evaluation of BOND and will provide extensive oversight of all BOND activities. In addition, SSA staff will retain responsibility for adjudicating issues related to beneficiary earnings and making all consequent benefit adjustments.

## **1.5 Report Overview**

We organized the remainder of this report into seven chapters. Chapter Two describes current SSDI rules related to work and how those rules will change under the innovations tested in BOND. Chapter Three describes the design of the demonstration – the process of selecting a large, nationally representative sample of beneficiaries, randomly dividing them into treatment and control groups to support a rigorous evaluation of the innovations tested under BOND, and delivering the services offered to each group. Chapter Four describes the ten nationally representative sites for the demonstration, how we will recruit beneficiaries in those sites for the demonstration, and the number we will assign to each of the treatment and control groups. Chapter Five provides detailed descriptions of the benefit innovations offered to each of the BOND treatment groups. Chapter Six describes BOND from the perspective of beneficiary interactions with the demonstration. Plans for the evaluation are summarized in Chapter Seven. The report concludes with a timeline for the demonstration and evaluation, in Chapter Eight.

## Chapter Two. Current Law and the BOND Innovations

This chapter begins with a description of the SSDI program as it exists under current law, with special attention to how beneficiary earnings affect benefits, the supports available to beneficiaries who attempt to return to work and exit the rolls, and how SSDI interacts with SSI. The chapter goes on to describe how the innovations we will test under BOND would change SSDI and its interaction with SSI, and presents a logic model that connects these policy changes to expected changes in beneficiary outcomes. The chapter concludes with a summary of the process lessons learned from the BOPD and outlines how these lessons have influenced BOND. Further details on the design and implementation of the BOND innovations appear in Chapters Five and Six.

### 2.1 SSDI under Current Law

The SSDI program is the disability component of Old Age Survivors and Disability Insurance (OASDI), the social insurance program commonly known as Social Security, under Title II of the Social Security Act. SSDI provides benefits to disabled workers and their dependents, as well as to the disabled adult children (DAC) and disabled widows(ers) (DWB) of OASDI worker beneficiaries. Workers in almost all jobs in the U.S. economy are covered by Social Security. The program is primarily financed by payroll taxes on the earnings from covered employment, paid in equal parts by employees and employers. Workers are only entitled to disability benefits if they are “disability insured” (i.e., have worked recently in covered jobs for a sufficient length of time; the exact length of time varies with age at application), and only if they have a medically determinable condition that prevents them from engaging in substantial gainful activity (SGA), and is expected to last for at least one year or result in death. In December 2008 there were 8.5 million SSDI beneficiaries, of whom 12.9 percent (1.0 million) were DAC or DWB beneficiaries (SSA 2009).

SGA is defined (in 2010) as an activity that is comparable to unsubsidized paid work for monthly wages, after allowable IRWE, of at least \$1,000 for non-blind individuals or \$1,640 for blind individuals. The SGA level is adjusted annually (2010 figures are cited here), by the percentage change in SSA’s Average Wage Index (AWI). The size of a worker’s monthly benefit is positively related to the worker’s Average Indexed Monthly Earnings (AIME), the average of earnings in covered employment prior to SSDI entry, following adjustment for wage growth by the AWI. The benefit formula is progressive; benefits for those with low past wages replace a larger share of AIME than for those with higher past wages. Additional cash benefits are available for dependents. After 24 months of SSDI receipt, all beneficiaries are eligible for Medicare.<sup>17</sup>

**SSDI Work Incentives.** Although SSA uses the inability to engage in SGA to define disability for program eligibility purposes, and applicants who are engaging in SGA are denied benefits, the current program does not immediately terminate benefits if a beneficiary begins engaging in SGA after program entry. Instead, SSDI has several work incentives that are designed to allow the beneficiary time to achieve and sustain SGA before benefits are terminated, and pays for services that support return to sustained SGA. SSDI work incentives define three periods of benefit receipt that occur consecutively as employment unfolds:

1. The *Trial Work Period (TWP)* tests an SSDI beneficiary’s ability to work without affecting benefits. In 2010, a TWP month is any month in which an SSDI beneficiary has monthly earnings of at least \$720 or is working at least 80 self-employed hours. The TWP consists of nine such months in a rolling 60-month window.

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<sup>17</sup> See SSA (2009) for further details on program eligibility and benefit calculations.

2. The *Extended Period of Eligibility (EPE)* begins immediately after completion of the TWP and lasts until benefits are terminated. During the first 36 months of the EPE, also known as the re-entitlement period, if the beneficiary engages in SGA benefits are suspended—i.e., not paid—for that month, except that each beneficiary has three *Grace Period* months, not necessarily consecutive, in which full benefits are paid even if the beneficiary engages in SGA.<sup>18</sup> If countable earnings later fall below the SGA level within the re-entitlement period, benefits are resumed, provided that the beneficiary has not experienced medical recovery (i.e., continues to meet SSA's medical eligibility criteria).
3. Finally, benefits are *terminated* with the first month of SGA level work after the re-entitlement period ends or as soon thereafter as the grace period months are used up. Once terminated, benefits do not resume simply because earnings drop below SGA. The beneficiary may apply for expedited reinstatement of benefits, and might be eligible for provisional benefits while SSA reviews their application. But, unlike suspension during the re-entitlement period, the beneficiary must go through a reapplication and requalification process if he/she wants benefits to resume.

A timeline illustrating these provisions appears in **Exhibit 2-1**. This exhibit shows a history of earnings (E) and SSDI benefits (B) over 47 months for a hypothetical beneficiary with earnings that cause him or her to pass through the phases of program participation just described:

- Trial Work Period (Months 1-9),
- Grace Period (Months 10-12),
- Re-entitlement period of the EPE (Months 10-45), and
- Termination (Month 46).

In the TWP, earnings (E) are above the \$720 TWP level in all nine months involved.<sup>19</sup> But benefits (B) continue unabated. The same is true in the cessation month and grace period, months 10 through 12, during which earnings are above the SGA level of \$1,000 each month.<sup>20</sup> Suspension of benefits occurs in Months 13 and 14, and again in months 16 through 45. However, because this is the re-entitlement period, benefits resume in any month with earnings below SGA—such as Month 15. Finally, at the end of the re-entitlement period, continued earnings above SGA trigger benefit termination in Month 46. At that point, it makes no difference whether earnings fall below SGA in a given month (as in Month 47); no benefit is paid unless the beneficiary re-applies. A substantial number of beneficiaries earn above the TWP and/or SGA levels at some point in their time on the rolls. **Exhibit 2-2** shows the progress toward benefit termination due to work over 10 years of beneficiaries who received their SSDI awards in 1996 (Stapleton et al., 2010).

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<sup>18</sup> Engagement in SGA usually means that the beneficiary receives countable earnings (unsubsidized earnings net of allowed impairment-related work expenses) in excess of the SGA level—\$1,000 per month for non-blind beneficiaries in 2011 and \$1,640 for blind beneficiaries.

<sup>19</sup> TWP months are shown as consecutive in the exhibit, but need not be; the TWP is completed when nine such months occur over a period of 60 or fewer months. At the beginning of each year, SSA uses the AWI to adjust the TWP income amount for wage growth.

<sup>20</sup> The grace period months are shown as consecutive in the exhibit, but need not be.

Exhibit 2-1. Timeline for SSDI Trial Work Period (TWP) and Extended Period of Eligibility (EPE).

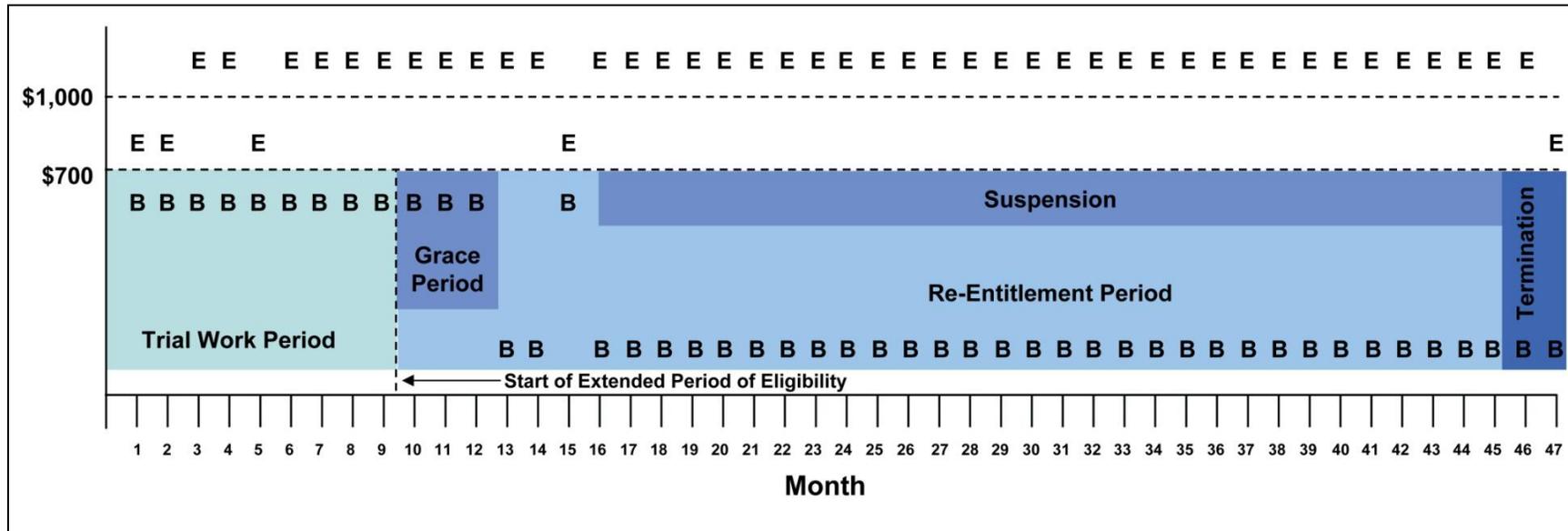


Exhibit 2-2. Progress of 1996 SSDI Awardees Toward Benefit Termination for Work as of 2006



Source: Stapleton et al. (2010). Each successive group is a subset of the previous group.

**Employment Services.** SSDI beneficiaries are also eligible to enroll in employment services—i.e., rehabilitation, training, and job placement assistance—that SSA will pay for, provided that the beneficiary achieves sufficient earnings over a specified period. Beneficiaries are generally eligible to obtain services from their SVRA. The federal Rehabilitation Services Administration (RSA) in the U.S. Department of Education typically pays for 80 percent of these services under the Rehabilitation Act, with the state paying the other 20 percent. In addition, since 1981, and on top of RSA funding, SSA has reimbursed SVRA for their costs of serving individual SSDI or SSI clients, up to a limit, if the beneficiary involved achieves SGA for nine months.

Starting in 2002, SSA expanded its financing for employment services under the Ticket to Work (TTW) program, while continuing the “traditional” payment system for SVRA.<sup>21</sup> Each beneficiary receives a “ticket” that he or she may present to any employment network (EN) to obtain services. ENs include all SVRA and other private and public entities that meet criteria set by SSA and that have agreed to accept tickets.

SSA took additional steps to help beneficiaries understand and take advantage of program work incentives as part of the TTW. As of 2010, 103 organizations have WIPA grants from SSA. WIPA grantees provide work incentives planning and assistance; help beneficiaries and their families determine eligibility for federal or state work incentives programs; refer beneficiaries with disabilities to appropriate ENs or SVRAs based on individual needs and impairment types; provide general information about potential employer-based or federally subsidized health benefits coverage available to beneficiaries once they enter the workforce; and inform beneficiaries with disabilities of further protection and advocacy services available to them.<sup>22</sup>

**SSI Benefits.** Many SSDI beneficiaries are also eligible for Supplemental Security Income, or SSI, under Title XVI of the Social Security Act. Unlike SSDI, SSI has both income and asset tests. To qualify for SSI, an individual must meet the same medical eligibility criteria as for SSDI and must also have income (including SSDI) and resources that are below specified limits. SSA (2009) reports that 27.7 percent of SSDI beneficiaries also received federal SSI benefits in December 2008. In addition, many states provide supplements to federal SSI benefits. In most states, SSI recipients automatically qualify for Medicaid; in a few states the Medicaid means-test is somewhat more stringent than the SSI means-test.

Under current law, in 2010 federal SSI benefits are \$674 per month for an individual with no other income and \$1,011 for a couple. Benefits are reduced by one dollar for every dollar in countable non-earned income from other sources, including SSDI, apart from a \$20 disregard. Moreover, after disregards for certain work expenses and subsidies, SSI benefits are reduced by \$1 for every \$2 in earnings.<sup>23</sup> Thus,

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<sup>21</sup> This description is based on SSA’s description posted at <http://www.socialsecurity.gov/work/formsandpubs.html#Materials>, accessed on April 20, 2010.

<sup>22</sup> This description is based on SSA’s WIPA Fact Sheet, posted at <http://www.ssa.gov/work/wipafactsheet.html>, accessed on April 20, 2010.

<sup>23</sup> When calculating each month’s SSI benefit, the first \$20 in monthly income from any source is not counted. Nor is the first \$65 of monthly earnings plus one-half of any additional earnings. This means that an individual with a \$300 monthly SSDI benefit and no other income would receive \$394 in federal SSI payments [ $\$674 - (\$300 - \$20) = (\$674 - \$280) = \$394$ ]. As another example, a person whose income consists of \$665 in gross monthly earnings plus \$300 in monthly SSDI benefits would receive \$94 in federal SSI payments [ $\$674 - (\$300 - \$20) - (\$665 - \$65)/2 = \$94$ ].

SSI already has a \$1 for \$2 benefit offset, although it is not called by that name, and it starts at a much lower level of earnings than the SSDI benefit offset to be tested under BOND.<sup>24</sup>

## 2.2 The BOND Innovations

The primary innovation we will test in BOND is a change in the way that countable earnings above SGA affect benefits after the TWP and the Grace Period are completed. BOND will replace the cash cliff—suspension of all benefits when countable earnings exceed SGA by any amount—with the benefit offset—a \$1 reduction in benefits for every \$2 in additional earnings over SGA. **Exhibit 2-3** illustrates how the offset will affect SSDI benefits and gross monthly income (earnings plus benefits) for a beneficiary whose monthly benefit before the completion of the TWP and grace period is \$1,000—slightly below the average monthly benefit for all beneficiaries in December 2009 (SSA 2010).

Under current law, the benefit in any month is based on earnings in the same month. Under BOND, SSA will use an annual accounting period for purposes of determining the benefit amount under the offset, rather than the monthly period used under current law.<sup>25</sup> Benefits will continue to be paid monthly, however, so in effect each month's benefits are based on average monthly earnings over the entire year. If monthly earnings are constant over entire year, the two values are the same. With constant monthly earnings, the illustration shows that the BOND benefit is always at least as large as the current law benefit—larger if earnings exceed \$1,000. Total income (benefits plus earnings) are also at least as large under the benefit offset. The increase in income under the benefit offset relative to current law is largest those with earnings just above SGA, gradually diminishing to zero as earnings approach a value that is equal to SGA plus twice the current benefit—\$3,000 in the illustration.

The illustration also shows that total income always increases with earnings under BOND, whereas that is not true under current law. For instance, if the beneficiary earns \$1,500 under current law, total income is only \$1,500, \$500 dollars less than if the beneficiary earned only \$1,000. If the same beneficiary earns \$1,500 under the benefit offset, total income would be \$2,250.

BOND's annual accounting may provide a further advantage to some beneficiaries with variable monthly earnings, because earnings below the SGA amount in some months will at least partially cancel out earnings above the SGA amount in other months for purposes of benefit determination. Variable earnings could reduce the benefit gain from BOND for some beneficiaries, however, if their earnings are just below the SGA amount in some months and well above the SGA amount in other months. In extreme examples that seem very unlikely to occur, it is possible for annual benefits under BOND to be lower than they would be under current law.

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<sup>24</sup> Additional earnings exclusions, designed to encourage sustained work and earnings growth, are also available; the most notable of these are Impairment Related Work Expenses (IRWE). SSI recipients can continue to receive benefits even if their earnings exceed SGA, under Section 1619(a) of Title XVI. Section 1619(b) further provides that if earnings exceed the "Section 1619a threshold" (the level at which their calculated SSI benefit is zero), they continue to qualify for their state's Medicaid program as long as their annual income remains below a higher limit that is tied to the average Medicaid expenditure for adult SSI disability beneficiaries in their state. In 2009, Alaska had the highest threshold (\$53,808) and Alabama the lowest (\$24,293) (SSA 2010).

<sup>25</sup> As described further in Chapter Five, benefits will be based on the beneficiary's beginning-of-year estimate of annual earnings. An end-of-year reconciliation process will lead to adjustments if actual earnings deviate substantially from the beneficiary's estimate, just as it often does under current law.

The period during which the beneficiary can use the offset is the 60-month “participation period” starting with the first month after the TWP is completed. Because the offset will not apply until after cessation month and two grace period months, the maximum number of months during which the offset will be applied is 57 for those individuals that have not completed their TWP prior to random assignment. In the illustration in **Exhibit 2-1** above, the participation period would start and Month 13 and continue to Month 69, beyond the last month shown in the illustration.

We will also make various other changes to facilitate administration of the offset. As noted above, the accounting period for the offset will be annual. Therefore, to administer the offset, SSA will initially base the benefit amount on an estimate of annual earnings, and any offset expenses, so the beneficiary must report estimated earnings to SSA at the beginning of the year. At the end of the year, the benefit will be reconciled to reflect actual earnings, consistent with current policy. The demonstration will use a new process to expedite earnings reporting and benefit adjustments. In addition, specially trained counselors will help beneficiaries understand how the offset works. In the absence of medical recovery, benefits will not terminate if earnings are above SGA 36 months after TWP completion through the end of the 60-month offset participation period. In addition, SSA will change Ticket payment rules for demonstration subjects eligible to use the offset so that providers will not be penalized if offset users receive partial benefits when countable earnings are above SGA. We discuss the details of these changes in Chapter Five.

**Exhibit 2-3. Illustration of the Effect of Earnings on SSDI Benefits and Total Income under Current Law and the \$1 for \$2 Benefit Offset<sup>a</sup>**

Monthly Earnings <sup>b</sup>	Current Law		Benefit Offset		Difference in Total Income	
	Monthly Benefit	Total Income	Monthly Benefit	Total Income	Amount	Percentage
\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$0	0%
\$500	\$1,000	\$1,500	\$1,000	\$1,500	\$0	0%
\$1,000	\$1,000	\$2,000	\$1,000	\$2,000	\$0	0%
\$1,100	\$0	\$1,100	\$950	\$2,050	\$950	86%
\$1,500	\$0	\$1,500	\$750	\$2,250	\$750	50%
\$2,000	\$0	\$2,000	\$500	\$2,500	\$500	25%
\$2,500	\$0	\$2,500	\$250	\$2,750	\$250	10%
\$3,000	\$0	\$3,000	\$0	\$3,000	\$0	0%

<sup>a</sup> Illustration assumes the TWP and grace period months have been completed, the individual’s own benefit under current law is \$1,000, there are no dependent benefits, and all earnings are countable for purposes of benefit determination.

<sup>b</sup> Under current law, the earnings amount represents earnings in the current month. Under the benefit offset, the earnings amount represents average monthly earnings over the entire year. Monthly earnings are assumed to be constant for illustrative purposes, so the two values are the same, but variability in monthly earnings does have consequences for the comparison, as discussed in the text.

As discussed further in Chapter Five, relative to monthly accounting, annual accounting is advantageous to those whose earnings are substantially below SGA in some months but comparably above SGA in other months. It may, however, be disadvantageous to some whose earnings are just below SGA in many months, but substantially above SGA in others during the same year.

At any earnings level above SGA, the SSDI benefit offset will be less advantageous for concurrent (i.e., SSDI plus SSI) beneficiaries than for SSDI-only beneficiaries, because the higher SSDI benefit under the offset will be undone—at least in part—by a reduction in SSI benefits. In the illustration of **Exhibit 2-4**, if the concurrent beneficiary earns \$1,002 per month, \$2 over SGA, under the benefit offset, the SSDI benefit will be \$299 (the SSDI benefit of \$300 reduced by \$1) instead of \$0 as it would be under current law. However, the SSI benefit will be \$0 instead of \$215.50 as under current law, so under the offset the total benefit is only \$83.50 (\$299 - \$215.50) higher than under current law.<sup>26</sup>

The example also illustrates that the rate at which total benefits are reduced under the benefit offset is the same under current law over the range of earnings from just above SGA until earnings are so high that SSI benefits would be zero, because of the offset that already applies to SSI. Hence, over this range (monthly earnings of \$1,002 to \$1,433 in the illustration), the financial reward associated with an additional dollar of gross earnings is no different than under current law.

BOND will also test a secondary innovation: a substantial enhancement of work incentives counseling. All treatment group subjects in BOND will have access to counseling that is comparable to that available to most beneficiaries, except that the counselors will be trained to help them understand how the offset works.<sup>27</sup> The innovation to be tested will significantly expand the services offered by the counselors. One BOND treatment group will have access to Enhanced Work Incentives Counseling (EWIC). As described further in Chapter Five, the EWIC counselors will initiate contact with those offered counseling services and will have the time and knowledge to go beyond explaining how the offset works and other program features. He/she will be able to counsel the beneficiary on other issues that might deter employment efforts and earnings gains, including referring the beneficiary to other sources of employment-related assistance in the community.

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<sup>26</sup> The increase in total benefits under the offset would be higher(lower) if the individual's SSDI benefit were higher (lower). The size of the increase under the offset will be lower if there is an SSI state supplement, but higher if the individual has any income from sources other than earnings, SSDI, or SSI.

<sup>27</sup> Demonstration funding for the benefits counseling will also increase the supply of counseling services available in the sites compared to currently available counseling.

**Exhibit 2-4. Illustration of the Effect of Earnings on SSDI and SSI Benefits for Concurrent Beneficiaries under Current Law and the SSDI \$1 for \$2 Benefit Offset<sup>a</sup>**

Monthly Earnings <sup>b</sup>	Current Law Benefit			Benefit under BOND			Difference		
	SSDI	SSI	Total	SSDI	SSI	Total	SSDI	SSI	Total
\$0	\$300	\$394	\$694	\$300	\$394	\$694	\$0	\$0	\$0
\$65	\$300	\$394	\$694	\$300	\$394	\$694	\$0	\$0	\$0
\$665	\$300	\$94	\$394	\$300	\$94	\$394	\$0	\$0	\$0
\$853	\$300	\$0	\$300	\$300	\$0	\$300	\$0	\$0	\$0
\$1,000	\$300	\$0	\$300	\$300	\$0	\$300	\$0	\$0	\$0
\$1,002	\$0	\$215.5	\$215.5	\$299	\$0	\$299	\$299	-\$215.5	\$83.5
\$1,202	\$0	\$115.5	\$115.5	\$199	\$0	\$199	\$199	-\$115.5	\$83.5
\$1,433	\$0	\$0	\$0	\$83.5	\$0	\$83.5	\$83.5	\$0	\$83.5
\$1,533	\$0	\$0	\$0	\$33.5	\$0	\$33.5	\$33.5	\$0	\$33.5

<sup>a</sup> Illustration assumes the TWP and grace period months have been completed, the individual’s own SSDI benefit under current law is \$300, and all earnings are countable for purposes of determining SSDI benefits. The individual has no dependents, lives in a state without a state SSI supplement, and has no other income. The federal SSI maximum benefit is \$674, the 2010 value.

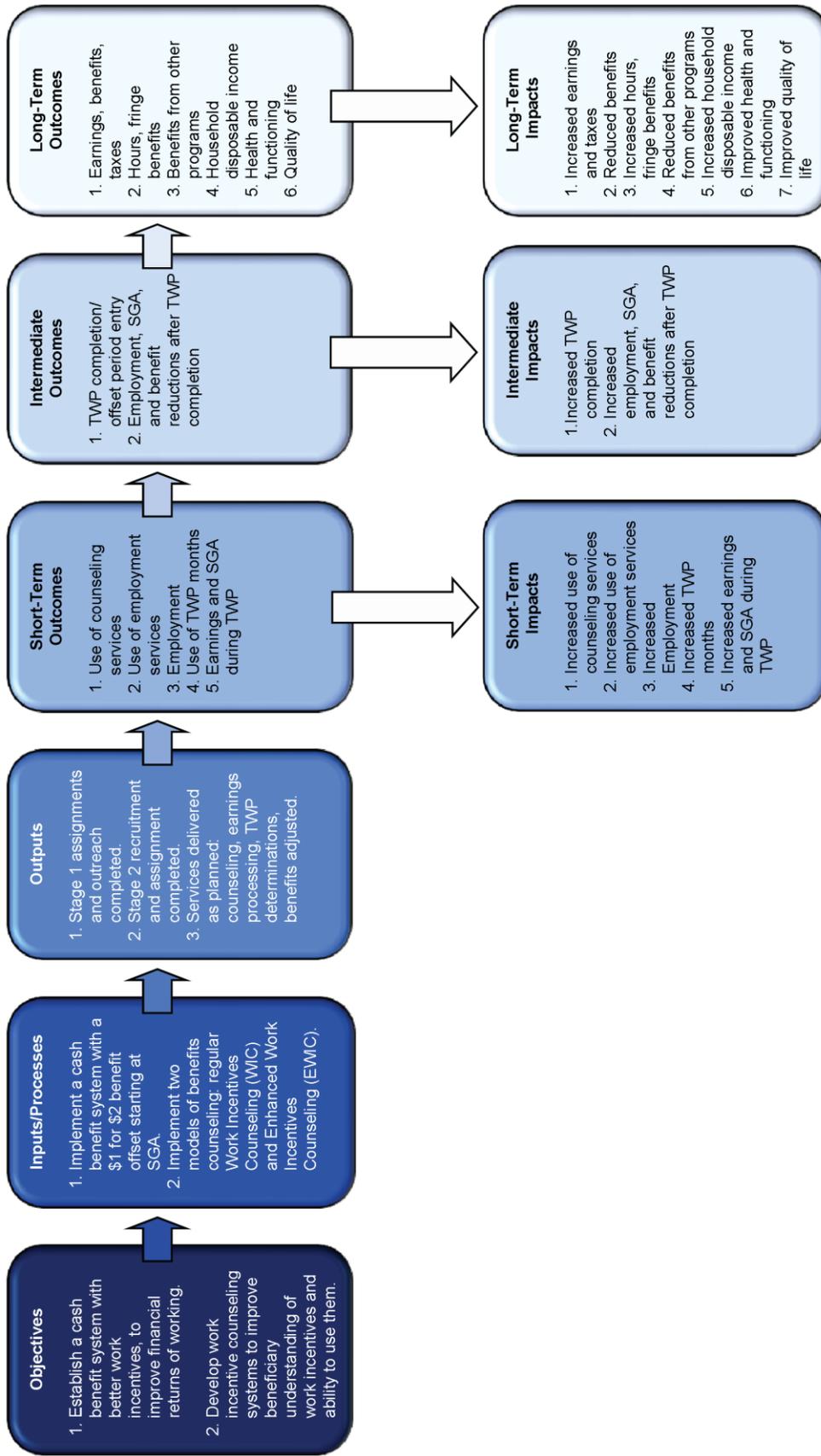
<sup>b</sup> Under current law, the earnings amount represents earnings in the current month. Under the benefit offset, the earnings amount represents average monthly earnings over the entire year. Monthly earnings are assumed to be constant for illustrative purposes, so the two values are the same, but variability in monthly earnings does have consequences for the comparison, as discussed in the text.

**2.3 The Logic of BOND**

This section provides a description of the logic of BOND—the objectives of the demonstration, how the BOND innovations are hypothesized to affect key outcomes, and how we will determine whether those effects are realized and how large they are.

**Exhibit 2-5** provides a logic model of the BOND demonstration and evaluation, summarizing the “results chain,” i.e., the activities/processes, outputs, outcomes, and impacts of the program. Objectives in the first box guide the design of intervention inputs and processes in the second box. The demonstration then operates, producing the outputs in the third box. In order for BOND to have an impact, beneficiaries would need to have different outcomes than they would under current law in the short-term (e.g., use more employment services), intermediate-term (e.g., more frequently complete the TWP and enter the EPE), and long term (e.g., more frequently earn above the SGA amount after TWP completion). Only that portion of each outcome caused by the intervention (i.e., the portion which does not take place in the control group) constitutes a BOND impact. This chain of hypothesized results will guide the implementation of the demonstration and facilitate the tracking of program achievements for the evaluation component of BOND.

**Exhibit 2-5. The BOND Logic Model**



Notes: The timing of outcomes reflects beneficiary decisions and steps based on expectations of BOND-induced changes in net income in future years. It assumes a beneficiary who is interested in returning to work but not already in the TWP or parked below SGA. Impacts are measured as differences between outcomes for treatment group members compared to members of the appropriate control group. Differences must be statistically significant to demonstrate impacts.

The primary objective of the BOND interventions is to learn whether the benefit formula and work incentives counseling innovations produce social gains compared to benefit rules and counseling services under current law, after consideration of all public and private benefits and costs. The demonstration will also produce knowledge that would help SSA improve on the tested innovations and support their national implementation. To test the hypothesis that such changes will lead to greater work involvement and earnings, the demonstration will implement the \$1 for \$2 offset (along with necessary administrative processes), offer EWIC services for some treatment individuals, offer these innovations to beneficiary groups that are representative of the national beneficiary population, evaluate the impacts of the innovations on a wide array of outcomes, and make inferences about the potential effects of making the BOND changes—or variants of the BOND changes—permanent. We expect that policymakers will use the findings in support of ongoing efforts to make permanent improvements to the design and administration of SSDI.

As described in detail in Chapters Three and Four, we will randomly assign BOND beneficiaries in the Stage 2 solicitation pool to three groups: those receiving the benefit offset, those receiving the benefit offset plus EWIC, and those who will remain subject to current law. Differences in outcomes between these groups that are too large to be attributable to random error can only be attributed to the difference in benefit design because of the randomized process through which beneficiaries were assigned to the groups. We will use these differences to estimate the effect of the offset alone and the offset plus EWIC, as well as the marginal impact of EWIC taking the offset as given. We will select the subjects for the demonstration from the set of SSDI beneficiaries residing in 10 demonstration sites.

Outcomes will be observed via SSA administrative data (e.g., SSDI and SSI benefits, annual earnings) and a series of surveys—described later in the report—that will collect information on such outcomes as employment and training program participation and respondent health status and functioning. Hypothesized impacts in the short run include increases in the use of employment and training programs, use of TWP months, and initial SGA. Intermediate impacts are hypothesized to include increases in SGA, EPE entry, completion of grace period months, months with less than full benefits, and tax payments.

It is important to recognize that the benefit offset might increase mean benefits, rather than reduce them. The direction of the impact on benefits will vary across individuals. Theory predicts that those beneficiaries who would keep their earnings just below the SGA amount after completion of the TWP and grace period under current law will increase their earnings under the benefit offset, resulting in lower benefits. Theory also predicts, however, that many of those who would earn more than the SGA amount under current law will receive partial benefits under the benefit offset; i.e., their benefits will be higher. In fact, theory predicts that some of the latter beneficiaries will reduce their earnings, which will increase their benefits by more. There are two reasons to expect such earnings reductions: the increase in benefits reduces the need for earnings, and any reduction in earnings will be partially offset by an increase in benefits equal to half the reduction.<sup>28</sup> The direction of the mean impact on benefits will depend on the magnitude of the effects for those who would keep their earnings below the SGA amount under current law relative to the magnitude of the effects for those who would earn more than the SGA amount under current law. Note, too, that the offset could potentially reduce mean beneficiary earnings, because of the hypothesized negative effect of the offset on the earnings of those whose earnings would exceed the SGA amount under current law. If so, tax revenues would also decline.

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<sup>28</sup> The points in this paragraph are developed more fully from economic theory in Chapter Five.

Although the hypothesized direction of impacts is ambiguous in the long term for both average earnings and benefits, the hypothesized impact on average household disposable income is positive. The offset offers all beneficiaries a chance to increase household disposable income, and it is difficult (although not entirely impossible) to imagine a scenario under which a beneficiary would choose to have lower household disposable income under the offset. We also expect that there will be gains in other measures of beneficiary well-being. We expect that some subjects will experience changes in other significant outcomes, such as receipt of benefits from other programs and health, but the direction of these changes is likely to vary with the characteristics and circumstances of the individual.

When the demonstration is over, the evaluation will be able to determine whether the BOND innovations were implemented as planned, and what the short-, medium-, and long-term impacts of the innovations, as implemented, were for the beneficiaries who received them. As described further in Chapter Seven, the evaluation will also use the findings from the demonstration to project the impacts of national adoption of the BOND innovations, and will produce extensive information that could help SSA implement improvements to SSDI nationally.

## 2.4 Lessons from the Benefit Offset Pilot Demonstrations (BOPD)

The design for BOND reflects numerous lessons from the BOPD. These demonstrations were designed to learn about issues related to implementation of the offset; they were not designed to produce estimates of the effects of a national program. In this section, we summarize the process lessons from the BOPD evaluations. We also briefly describe findings from the BOPD impact evaluation.

**Pilot Design.** The BOPD pilots were conducted in four states—Connecticut, Utah, Vermont, and Wisconsin—between 2005 and 2008. They have all been completed, each state has produced a report on its findings, and SSA has conducted additional analysis of impacts on earnings and benefits.<sup>29</sup> Each of the BOPD states recruited between 250 and 600 SSDI-only beneficiaries from groups that they identified as working or seeking to return to work, including many who were enrolled for services at the SVRA or in the state’s Medicaid Buy-in (MBI) program. The specific groups targeted, as well as outreach and recruitment methods, varied considerably across the four states.

In each state, after completing an informed consent process, approximately half of the volunteers were randomly assigned to receive the \$1 for \$2 benefit offset for earnings above SGA (treatment group) following TWP completion and the use of all three grace period months, and the other half were assigned to a current law control group. Potential use of the offset began in the fourth month after TWP completion and extended through the 72<sup>nd</sup> month after TWP completion. Those on the rolls who had completed their TWP more than 72 months earlier were excluded from participation.<sup>30</sup> As with BOND, the monthly benefit amount was based on an estimate of annual earnings, which was reconciled to actual annual earnings at the end of each year. Both treatment and control subjects were offered benefits counseling and

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<sup>29</sup> See Bureau of Rehabilitation Services (2009) for Connecticut, Chambless et al. (2009) for Utah, Porter et al. (2009) for Vermont, and Delin et al. (2009) for Wisconsin. Weathers and Hemmeter (2010) summarize the findings and discuss why the findings vary across states.

<sup>30</sup> In 2008, SSA ruled that, to use the offset, treatment beneficiaries must complete the TWP by December 2008 (Delin et al. 2009).

other employment supports, but the nature and intensity of services offered varied across sites (though not between the treatment and control groups).

SSA administered the benefits of treatment group subjects from its central office (including determination of TWP completion) through a process called work continuing disability review (work CDR), adjustment of monthly benefit payments once the offset applied, and end-of-year reconciliation. Given the small size of the pilot, the process was entirely manual in nature. SSA administered benefits for control subjects, including work CDRs, through the normal process, in which local field offices play a significant role.

**Implementation Lessons for BOND.** The design for BOND reflects the key implementation lessons learned from the BOPD. Perhaps the most significant problems encountered were related to the determination of TWP completion through work CDRs and the adjustment of benefits once the TWP and grace period months were completed. These processes were confusing to beneficiaries, required substantial administrative effort, and were often not completed in a timely manner. As a result, beneficiaries were frequently confused about when the offset applied. Many beneficiaries received benefit overpayments, which SSA then deducted from future benefit checks. We believe these administrative problems discouraged beneficiaries from earning above SGA—or continuing to earn above SGA—once they had been through an end-of-year reconciliation.

In order to complete CDRs on a timely basis, SSA will work with the BOND team to process the treatment cases in an efficient and effective manner. This includes having the BOND team assist with collecting information from the beneficiaries related to their work and earnings, and forwarding this information onto a centralized SSA unit that will complete the CDR process (see Chapter Six for further details).

In addition to the BOND team facilitating the collection of earnings information, SSA will facilitate timely completion of the work CDR process and benefit adjustments in two ways. First SSA is establishing a centralized office within the Office of Program Development and Research (OPDR) to process work CDRs and benefit adjustments. During the BOPD, Office of Central Operations completed these tasks, and completion was often delayed since they initially did not have a dedicated unit to process this workload and had other priorities in addition to the BOPD cases. Second, SSA has developed a highly automated process for adjusting benefits. This highly automated process will replace the time-consuming, largely manual, process used for the BOPD (see Chapter Six).

The state pilot evaluations reported that the notices received from SSA often confused beneficiaries, and in particular some beneficiaries thought they had lost eligibility for SSDI benefits when they had not. To address this issue, SSA is developing notices tailored to BOND subjects, and will train the BOND team to provide explanations of notices to the beneficiaries when requested.

All of the BOPD evaluations found that many beneficiaries required substantial benefits counseling to understand the implications of increased earnings for their SSDI and other benefits. To enhance beneficiary understanding of the program, BOND will offer either WIC or EWIC (described later in the report) to all treatment group members, provided by counseling staff trained on the special demonstration features.

The pilot evaluations reported that engagement with local agencies and organizations that support people with disabilities is critical to reaching out to beneficiaries and gaining their trust. To address this need for support, the BOND team will subcontract with state and local agencies and organizations in each of the demonstration areas, as part of the demonstration's outreach efforts (see Chapter Six).

The pilot evaluations also reported that exclusion from BOPD of beneficiaries who had completed their TWP more than 72 months earlier also caused great confusion, preventing participation by numerous beneficiaries who would have used the offset. Under BOND, a beneficiary who has completed the TWP will only be excluded if, prior to random assignment, it is determined that he or she engaged in SGA after completing the re-entitlement period; there will be no post-TWP time limit for others (see Chapter Four).

The BOPD evaluations also reported that reconciliation of annual earnings estimates at the end of each year was problematic because the rules for counting earnings were not synchronized with IRS rules. To address this concern for BOND, we changed the rules to match the IRS rules (discussed in Chapter Five). We will use the annual earnings, as reported to SSA by employers via the IRS, to support annual reconciliation.

**BOPD Impact Findings.** The purpose of the BOPD was to inform the implementation of the BOND, as it has done. It was not designed to provide accurate impact estimates of what a national ongoing program would achieve. The subjects offered the opportunity to volunteer for BOPD were not representative of all SSDI beneficiaries in their own states, let alone the national beneficiary population, and the sample sizes were quite small. Nevertheless, the impact findings from the BOPD impact evaluation are of considerable interest. Results are available for the first two years after random assignment (Weathers and Hemmeter 2010).

Over all four states combined, the BOPD shows:

- a significant increase in the percentage of treatment group subjects earning above SGA,
- no significant change in mean earnings, and
- a significant increase in mean benefits.

It appears that positive earnings effects for relatively low earners were negated by reductions in earnings for relatively high earners, and benefit reductions for some were outweighed by benefit increases for those whose benefits would have been zero under current law.

Findings vary significantly which is to be expected given variation in target populations, local aspects of implementation, and state policy and economic environments. In the states with the largest impacts on the percent with earnings above SGA, there were no significant impacts on benefits, whereas in the states with no significant impacts on earnings above SGA, there were significant increases in mean benefits. This finding points to the need for a demonstration in which the benefit offset is offered to random samples drawn from all eligible beneficiaries in a set of nationally representative sites.

These findings reinforce a point made earlier: the direction of the impact of the benefit offset on benefit payments will depend on whether benefit reductions among those who would receive full benefits under

current law outweigh the increases in benefits that will accrue to those who would receive no benefits under current law.

Impacts under BOND are also likely to vary by site, but presumably by less than for BOPD because of uniformity in selection of the target population and greater uniformity in counseling and other aspects of the intervention. To the extent feasible, the evaluation will examine variation in impacts across sites, and assess possible reasons for any significant variation observed.

## Chapter Three. The Demonstration Design

The BOND demonstration will engage hundreds of thousands of SSDI beneficiaries in multiple locations around the country in a new policy initiative. This chapter describes the basic design features of the demonstration: beneficiary eligibility for inclusion in the demonstration, the design for site selection, the beneficiary sampling process (including random assignment), and key operational components of the demonstration. We developed these features to meet the specifications of the Ticket to Work Act and to support examination of the challenges SSA would face were it to undertake implementation of a benefit offset as a national policy.

We discuss the actual sites and projected sample sizes of beneficiaries in the various demonstration groups in Chapter Four.

In brief, the demonstration will include a nationally representative sample of SSDI beneficiaries age 20 to 59, selected from a nationally representative set of 10 sites. We will randomly assign eligible beneficiaries to various groups in a manner designed to support the demonstration's impact evaluation agenda. Some of these groups of beneficiaries will receive services from the demonstration, while others will continue under current law as a research control group.

### 3.1 Eligibility for BOND

Under a national program, it is likely a benefit offset would be available to all SSDI beneficiaries. Hence, it is appealing to make all beneficiaries in the BOND sites eligible for inclusion in the demonstration. However, there are important practical reasons to exclude some beneficiary groups residing in the BOND sites. We will exclude three groups based on their status at the time the BOND sample is selected: those over age 59, those under age 20, and those participating in other SSA demonstration projects.

We will exclude beneficiaries age 60 or older because they would have a relatively brief time to use the offset prior to reaching retirement age.<sup>31</sup> In addition, there are administrative complexities associated with calculating benefits for widow(er) beneficiaries (which can be claimed at age 60 or older, regardless of disability) that would have made the inclusion of this group especially difficult operationally. Disabled widow(er)s (DWBs), who may be as young as 50, are eligible. Disabled Adult Children (DAC) who are 20 or older are also eligible. We excluded beneficiaries under 20 to avoid confusion between DACs and non-disabled children, who may receive benefits as student children of Social Security beneficiaries until the age of 19 and two months.

A very small number of beneficiaries who participate or participated in SSA's Mental Health Treatment Study, Accelerated Benefits Demonstration, Youth Transition Demonstration, and the BOPD are excluded to avoid confounding the impacts of BOND treatments with those of other demonstrations.

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<sup>31</sup> Upon reaching Social Security's full retirement age (currently age 66), SSDI beneficiaries convert to the retirement program, after which they can earn an unlimited amount without benefit loss.

### 3.2 Site Selection: A Nationally Representative Sample of Beneficiaries

We selected the 10 sites for the demonstration in 2008 through a process designed to produce a nationally representative set of sites. This section describes the selection process. The first step was to divide the country geographically into the universe of potential sites. The second step was to assign these sites to eight strata, based on criteria designed to support evaluation objectives, and to determine how many sites to select from each stratum. The final step was to randomly select the 10 sites from the eight strata.

We defined potential sites as the coverage areas of individual SSA Area Offices. Each Area Office supports a group of local SSA Field Offices, and each Field Office is responsible for serving all individuals in its coverage area. Area Offices serve multiple Field Offices over a relatively broad geographic range. Coverage areas are large; most Area Offices cover entire states, and some cover multiple states. There were 54 Area Offices in the nation in 2008, and all but one—the office that serves Puerto Rico and the U.S. Virgin Island—were included as candidates for selection.

The BOND team used a stratified random selection process to select the 10 sites. Two criteria, developed to support demonstration objectives, were used to define the strata. The first objective was to ensure geographic diversity. To support this objective, all sites were stratified into the four Census regions (Northeast, Midwest, South and West).

The second demonstration objective addressed through site stratification is to assure that beneficiaries in the sites were representative of the national beneficiary population with respect to access to health insurance coverage under state Medicaid Buy-in (MBI) programs.

MBI programs allow working SSDI beneficiaries to purchase Medicaid coverage and are linked to employment support programs in many states.<sup>32</sup> Hence, MBI programs might influence outcomes of direct interest to the evaluation, especially beneficiary employment and health care expenditures. Such an effect might explain why Porter et al. (2009) found that MBI program enrollees in the Vermont BOPD were more likely to use the benefit offset than other beneficiaries not enrolled in an MBI program. To address this objective, the BOND team stratified the potential sites by the extent to which beneficiaries in the sites had access to MBI coverage in 2008. Because MBI programs are state programs and many sites cut across state lines, we further divided the sites within each Census region into “high” and “low” MBI sites based on the percentage of beneficiaries with access to MBI coverage within the site, resulting in eight strata in total (4 x 2).<sup>33</sup>

The team selected one site from each of the eight strata, with the exception of the South “low” MBI stratum, from which three sites were drawn. The exception reflects the fact the number of beneficiaries varies substantially across the eight strata, and this stratum had 2.5 times as many beneficiaries as the second largest stratum as of July 2007 (the most recent data available at the time).

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<sup>32</sup> Even though most SSDI beneficiaries have Medicare coverage based on their SSDI eligibility, some might need additional services not covered by Medicare but covered by MBI programs, such as personal assistance. Additionally, because new SSDI beneficiaries must wait 24 months before becoming eligible for Medicare, some might use MBI programs as their primary source of health coverage while in the waiting period.

<sup>33</sup> MBI programs that did not offer coverage to SSDI beneficiaries in 2008, or that restricted coverage to only those with very low earnings were classified as “low” coverage states for stratification purposes.

Within each stratum, we randomly selected sites by a methodology that first assigned a probability of selection to each site equal to the percentage of all beneficiaries in the stratum residing within the site in July 2007 (“probability proportional to size”). Thus, SSA Area Offices with more beneficiaries had a higher probability of inclusion in the demonstration than SSA Area Offices in the same stratum with fewer beneficiaries.

The resulting sites, described in Chapter Four, include at least two sites from each of the four Census regions, including at least one high-MBI site and one low-MBI site.

### 3.3 Beneficiary Selection and Random Assignment

We will draw the sample of beneficiaries just before the start of the demonstration. At that time, SSA will send the BOND team a file listing eligible beneficiaries in the BOND sites. We will use this file to randomly assign individuals into three groups—Stage 1 treatment, Stage 1 control, and a solicitation pool for Stage 2 (see [Exhibit 3-1](#)). At Stage 1, the goal is to learn about offset utilization and key impacts when the benefit offset is offered to all SSDI beneficiaries. Hence, all eligible beneficiaries are candidates for assignment to the Stage 1 groups, either to be offered the offset or to be part of a control group that is not offered the offset. Because only a small fraction of beneficiaries offered the offset are likely to use it (perhaps less than 5 percent, and more than 10 percent seems unlikely), the Stage 1 groups must be very large (tens of thousands) to provide enough information on the consequences of offset use. Otherwise, the impact of the policy on the small percentage of beneficiaries who will use the offset would not be detectable. Stage 1 will provide reliable, nationally representative impacts of what a national ongoing benefit offset would likely achieve.

Stage 2 random assignment is designed to learn more about the impacts of the benefit offset for those most likely to use it, and to determine the extent to which substantial enhancement of the counseling services available to beneficiaries affects offset utilization and impacts. For practical reasons, we restricted the beneficiaries in the second stage to those most likely to use the offset. Specifically, attainment of the Stage 2 objectives requires more intensive data collection and more complex service delivery than is required for Stage 1. It would be very expensive and logistically difficult to collect data and offer the counseling services to groups that are as large as those needed for the Stage 1 objectives. Restricting Stage 2 eligibility to those most likely to use the benefit offset reduces the sample sizes required for Stage 2 groups from tens of thousands to thousands.

This strategy for selecting the sample ensures that Stage 2 subjects are likely to use the offset in two ways. First, concurrent beneficiaries are excluded from Stage 2. As discussed in Chapter Two, the interaction between SSI and SSDI substantially diminishes the value of the SSDI offset to concurrent beneficiaries, so we expect that relatively few would use the SSDI offset. Second, the demonstration will solicit volunteers for Stage 2, then, randomly assign them to the Stage 2 groups that either receive or do not receive an opportunity to participate in the offset. As a result, all Stage 2 subjects will be beneficiaries who demonstrate a strong interest in using the benefit offset after being well-informed about how it works. It would not be surprising if more than half of those assigned to treatment groups actually use the offset.

Exhibit 3-1. Random Assignment and Sample Design

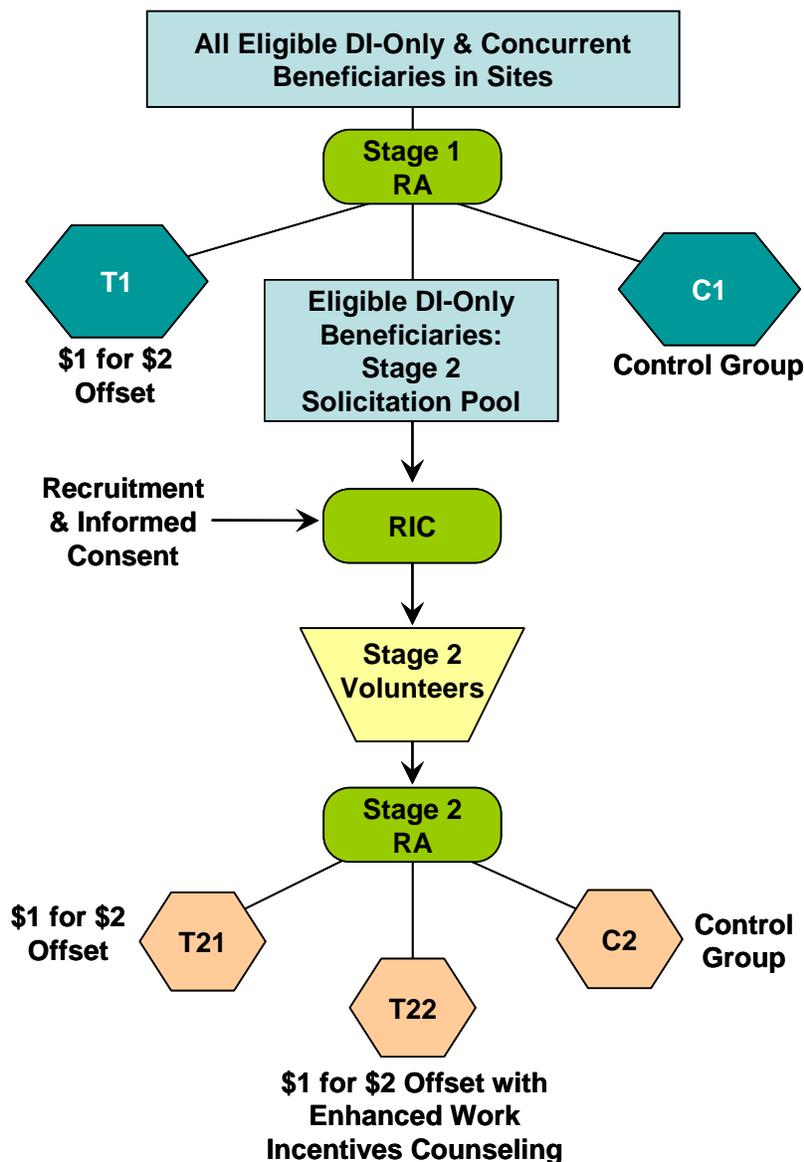


Exhibit 3-1 depicts the two stages of the random assignment process for BOND.<sup>34</sup> As it shows, we will randomly assign eligible beneficiaries in the 10 study sites at Stage 1 into one of three mutually exclusive groups:

- **T1 subjects, i.e., Stage 1 treatment subjects:** a group that is offered the offset;
- **C1 subjects, i.e., Stage 1 control subjects:** a control group that is not offered the offset and remains subject to current law; or
- **Stage 2 solicitation pool subjects:** a group that will be recruited to volunteer for “Stage 2” random assignment.

<sup>34</sup> Sample sizes for each cell of the diagram appear in Chapter Four.

SSDI-only beneficiaries will be randomly assigned to all three groups, whereas (as discussed above in conjunction with Stage 2) concurrent SSDI and SSI beneficiaries will only be assigned to the T1 or C1 groups.

Stage 1 random assignment will be conducted using SSA administrative records and will require no direct contact with beneficiaries. Those assigned as T1 subjects will receive a notice explaining the new, more generous treatment of earnings under the new benefit offset rules. The notice will describe how beneficiaries may earn more money than under the current rules and still be eligible to keep some of their benefits. Additionally, the notice will assure beneficiaries that the offset does not affect their beneficiary status in any way except that the treatment of earnings under BOND will be more generous than under current law—unless their earnings are very low or very high, in which case their treatment will be the same as under current law. In addition, the BOND team will prepare and distribute materials explaining the benefit offset, along with other features of the demonstration, to SSA staff, local service providers and advocates (see Chapter Six for additional detail).

We will solicit volunteers from subsets of the Stage 2 solicitation pool by sending letters to members of successive outreach cohorts inviting them to volunteer for the demonstration. (The outreach and recruitment process for this group is described in Chapter Six.) We will randomly assign those who volunteer to one of the following three groups:

- **T21 subjects, i.e., Stage 2 offset-only subjects:** a group that receives the \$1 for \$2 benefit offset only;
- **T22 subjects, i.e., Stage 2 offset-EWIC subjects:** a group that receives the \$1 for \$2 benefit offset and EWIC; or
- **C2 subjects, i.e., Stage 2 control subjects:** a control group that is not offered the offset or EWIC and is subject to current law.

Sample selection at both Stage 1 and Stage 2 will be stratified according to the length of time the beneficiary had been on the SSDI rolls at the time of selection: 36 months or less (“short-duration”) or more than 36 months (“longer-duration”).<sup>35</sup> Short-duration beneficiaries constitute about one quarter of all beneficiaries, but the expectation is that, other things constant, they will be more likely to use the offset than long-duration beneficiaries. Research has found that most beneficiaries who return to work do so within a few years following SSDI entry (Stapleton et al. 2010).

Beyond their higher likelihood of using the offset, short-duration beneficiaries are an important group to study viewed in the context of BOND’s policy objectives. To see this, consider what would happen once a national benefit offset has been in place for many years. Presumably all beneficiaries would be offered the offset at SSDI entry. Most who use the offset are likely to initially do so during their first few years on the rolls. Hence, to enable the BOND evaluation to project the long-term impacts of a national program, we must include sufficiently large samples of short-duration beneficiaries in each group. At the same time, the design must include sufficiently large samples of long-duration beneficiaries to support estimates of the short-term impacts of a national program, when most beneficiaries will have been on the rolls for many years when first offered the offset.

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<sup>35</sup> Based on analysis of the Ticket Research File (TRF), 27 percent of all beneficiaries were short-duration beneficiaries in December 2008. For more details, see Long, Schneider, Elsmann, and Feins (2010).

For this reason, the strategy for selecting the sample calls for the Stage 1 treatment group (T1) to be evenly split between short- and longer-duration beneficiaries. To achieve this objective, the BOND team will oversample from the short-duration stratum when selecting T1.<sup>36</sup> The design also calls for the Stage 2 volunteers to include at least 50 percent short-duration beneficiaries. Because we expect the volunteer rate for short-duration beneficiaries to be substantially higher than for longer-duration beneficiaries, it is possible we will achieve this objective without oversampling from the short-duration members of the solicitation pool. This reflects the fact that most beneficiaries who return to work do so in their first few years on the rolls. If necessary, however, the BOND team will oversample short-duration members of the Stage 2 solicitation pool to ensure that at least half of the Stage 2 volunteers are short-duration beneficiaries.<sup>37</sup>

### 3.4 BOND Operational Components

To avoid the many problems encountered in administering the benefit offset under the BOPD and to minimize the impact of BOND on SSA program operations, the Abt BOND team will be responsible for contacting, informing, and delivering many services to Stage 1 treatment subjects and Stage 2 volunteers. SSA retains its adjudicative role in the benefit adjustment and other processes, and SSA will continue to deliver monthly benefit payments to the demonstration subjects.

Because of the complexity of BOND, we will use multiple operational components to carry out demonstration functions. These components and their functions are described briefly below, as background for later discussions about how we will deliver services to BOND beneficiaries. More details on the functions of each component appear in subsequent chapters, especially Chapter Six.

1. **BOND Website:** The BOND team will send each BOND treatment subject a letter that describes the demonstration website. That website will provide public information about BOND, including answers to frequently asked questions, BOND program guidance (such as directions to site offices and counselor organizations), and contact information for other demonstration resources.
2. **BOND Call Center:** BOND treatment subjects will be able to call a toll-free number to obtain information about the demonstration, report earnings information, and inquire about any problems they encounter.
3. **BOND Site Offices:** Each of the 10 sites will have a primary site office. This office will conduct outreach, recruitment and intake activities for Stage 2, address beneficiary inquiries, and take earnings reports. To accommodate the beneficiaries who do not reside near the site offices or who cannot travel to the site office for other reasons, each office will have the capacity to conduct enrollment at other locations; i.e., enrollment will occur throughout each site's area. (The two sites with the largest beneficiary populations will also have secondary site offices for a six-month

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<sup>36</sup> The much larger C1 sample (see sample size discussion below) will contain an even greater number of short-duration beneficiaries, notwithstanding the oversampling of that population into T1 (and potentially into the Stage 2 solicitation pool). In total, there are many more short-duration beneficiaries in the ten demonstration sites than needed to fulfill all sample size targets.

<sup>37</sup> Within the larger C1 group will be a "C1 Core" group that will have a size and a composition (in terms of site and duration receiving SSDI) that mirrors the T1 group. Beneficiaries randomly assigned to the C1 Core will always remain in C1 and never be added to the solicitation pool.

period during enrollment; these will be located in Tampa, FL and Mobile, AL.) The site offices will close after intake is completed. At that time, support for work CDR development, earnings reporting, and other customer service needs will transfer to the call center.

4. **BOND Central Operations:** A central operations unit at Abt Associates will support the volume of activity planned for the site offices during the enrollment period.
5. **BOND Counselor Organizations:** In each site the BOND team will contract with one or more organizations to deliver counseling services to treatment subjects. The BOND team will select and train individuals to deliver counseling to BOND treatment subjects. Counselors will advise all treatment subjects who seek advice—Stage 1 and Stage 2—on how use of the offset will affect their benefits—and will deliver enhanced services (EWIC) to T22 subjects.
6. **BOND Processing Center:** The processing center will be responsible for collecting and processing earnings reports from treatment subjects. Subjects will be able to submit earnings and work expense information to the processing center via the site offices. Processing center staff will use this information to determine if the subjects have completed the TWP and are thus eligible to use the offset, and the benefit amount under the offset, if appropriate. The processing center will prepare the information for submission to SSA; SSA will determine TWP status and adjust the subject's benefits as warranted.

Chapter Six provides further information on the interface of these and other demonstration components with BOND subjects.

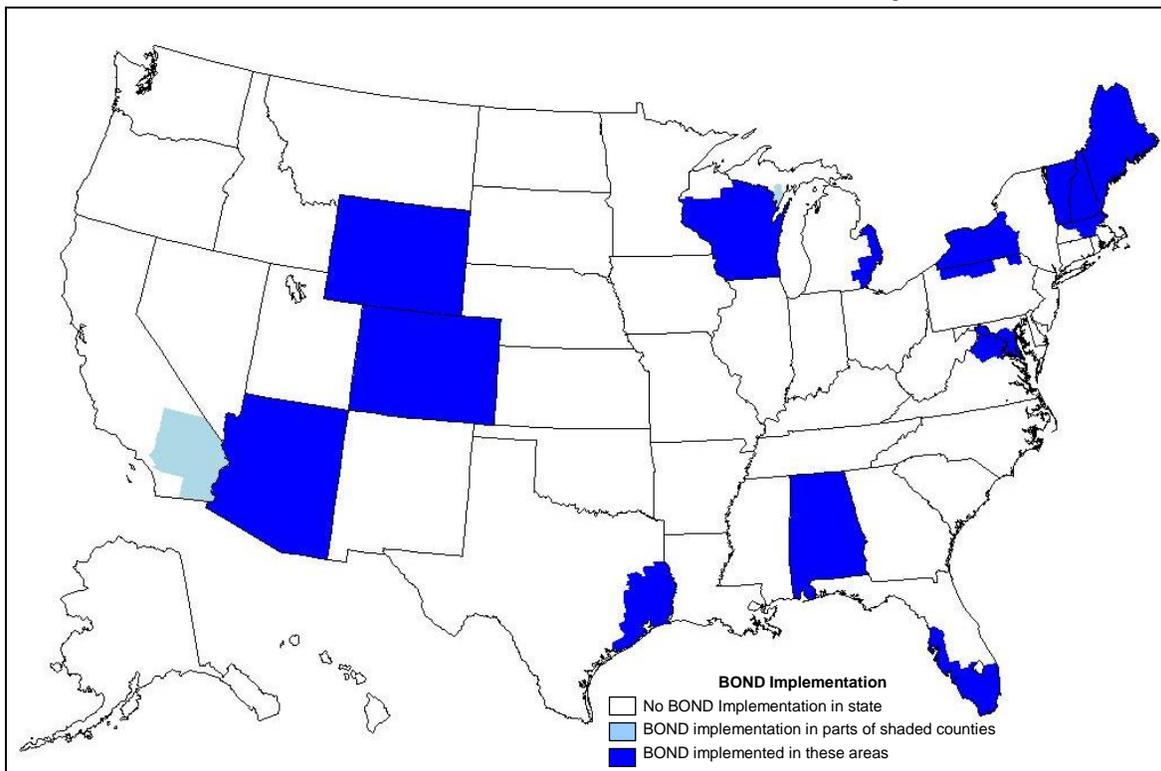
## Chapter Four. BOND Sites and Sample Sizes

This chapter identifies and provides information about the 10 BOND sites and presents samples sizes for the different study groups of beneficiaries defined in Chapter Three.

### 4.1 The BOND Sites

The 10 BOND sites, selected at random from 53 SSA Area Offices as described in Chapter Three, cover seven full states (Alabama, Arizona, Colorado, Maine, New Hampshire, Vermont, and Wyoming) plus the District of Columbia (**Exhibit 4-1**). They also include substantial portions of nine additional states (California, Florida, Maryland, Massachusetts, Michigan, New York, Texas, Wisconsin, and Virginia) and smaller portions of two other states (Pennsylvania and West Virginia). They cover portions of eight of SSA's 10 Regional Offices (Atlanta, Boston, Chicago, Dallas, Denver, New York, Philadelphia, and San Francisco).<sup>38</sup> They also include all or part of 10 of the 50 largest metropolitan areas in the country: Houston, Texas (#6), Miami, Florida (#7), Washington, DC (#8), Detroit, Michigan (#11), Phoenix, Arizona (#12), Tampa, Florida (#19), Denver, Colorado (#21), Milwaukee, Wisconsin (#39), Buffalo, New York (#47), and Birmingham, Alabama (#48). Seven of the next 50 largest metro areas are also included: Tucson, Arizona; Grand Rapids, Michigan; Rochester, New York; Sarasota, Florida; Syracuse, New York; Madison, Wisconsin; and Portland, Maine.<sup>39</sup>

**Exhibit 4-1. States Included in Part or in Whole in the BOND Sample**



<sup>38</sup> The sample does not include any Area Offices from the remaining two SSA regional offices (Kansas City and Seattle).

<sup>39</sup> <http://www.census.gov/popest/metro/CBSA-est2008-pop-chg.html>.

At the start of beneficiary sampling and random assignment in December 2010, we estimate that approximately one million eligible beneficiaries will be living in these 10 sites. **Exhibit 4-2** gives estimates of the number of beneficiaries by site.<sup>40</sup> The estimates range from a low 50,666 in the DC Metro area to a high 150,090 in the South Florida site.

**Exhibit 4-2 Selected Area Offices in the BOND Sample, by Census Region and Proportion of Beneficiaries Living in Medicaid Buy-in States**

Census Region	Proportion of Beneficiaries in MBI States	Selected SSA Area Offices			
		Office Name/Location	Potential BOND Subjects <sup>a</sup>	Largest Cities	SSA Office Code <sup>b</sup>
Northeast	Low	Northern New England	107,577	Portland, ME; Manchester, NH; Burlington, VT	H03
	High	Western New York	109,235	Syracuse, Buffalo, Binghamton, Rochester, Elmira, Corning, Ithaca	H98
Midwest	Low	Greater Detroit	95,512	Detroit, Dearborn, Ann Arbor, Port Huron	H57
	High	Wisconsin	100,055	Milwaukee, Madison, Green Bay, Racine, Kenosha, Appleton	H51
South	Low	Alabama	142,724	Birmingham, Montgomery, Mobile	H31
		South Florida	150,090	Miami, Ft. Lauderdale, Tampa, St. Pete, Ft. Myers, Sarasota, Naples, W. Palm Beach	H32
		Greater Houston	83,887	Houston, Beaumont, Galveston, Port Arthur	H73
	High	DC Metro	50,666	Washington, DC; Silver Spring & Rockville, MD; Alexandria & Fairfax, VA	H22
West	Low	Colorado, Wyoming	70,070	Denver, Colorado Springs, Boulder, Ft. Collins, Laramie, Cheyenne	H83
	High	Arizona, Southeast California	106,008	Phoenix, Tucson, Flagstaff, AZ; Palm Springs, CA	H0B
<b>Total</b>			1,015,824		

<sup>a</sup> Based on analysis of beneficiaries ages 20 to 59 on the rolls in December 2008, using the 2008 Ticket Research File, and inflated to projected values for December 2010.

<sup>b</sup> SSA changed the Area Office reporting structure subsequent to BOND site selection in the Western NY Area Offices by merging the Buffalo Area Office (H98) into the Albany Area Office (H12). The site boundaries for BOND will correspond to the former H98 Area Office, so we have designated the code for this office as H98, even though that code is no longer used to represent the part of the new Albany office (H12) that is included in the demonstration.

<sup>40</sup> Population estimates are based on data from a recent extract of the Ticket Research File (TRF). The population size in 2008 was adjusted from the TRF to account for expected growth in the caseload through 2010. Because a conservative growth rate was used, the population is expected to be larger than shown here; if so, this will increase the size of the C1 sample.

Beneficiaries will be assigned to each Stage 1 group(T1, C1 and the Stage 2 Solicitation pool) in proportion to the size of the SSDI caseload in each site at the time of sampling. Under this method of allocation, larger sites (at one extreme South Florida) will have a larger number of subjects in each demonstration group than smaller sites (at the other extreme DC Metro).<sup>41</sup>

## 4.2 Demonstration Sample Sizes

This section begins with a description of the timeline for demonstration operations that are pertinent to sample selection;<sup>42</sup> followed by presentation of the sample sizes for the various BOND groups, defined in **Exhibit 3-1** above.

To test procedures for conducting Stage 2 outreach, recruitment, enrollment, and service delivery, BOND will initiate a pilot test in January 2011. The pilot will continue for three months and will involve outreach to 27,000 SSDI-only beneficiaries from the pool of available prospective BOND subjects as of December 2010. This group will receive letters soliciting their interest in volunteering. For those who volunteer, the random assignment process described in more detail below will ensue. The BOND team will use the pilots to estimate volunteer rates among prospective BOND subjects—which are expected to be low (ergo the need for a large pilot sample)—and to test various demonstration procedures in each site before the start of full operations. The BOND team will submit detailed, site-specific reports to SSA about the results of the pilot and, together with SSA, will use the pilot experiences to determine what changes, if any, are needed in demonstration procedures.

Intake during the pilot will gradually ramp-up until April 2011, when full implementation will commence at all 10 sites for Stage 1 and Stage 2. Any problems identified during the pilot period will be addressed along the way. The ramp-up will be temporarily suspended if necessary, and full implementation will be delayed slightly, should correction of problems require changes as a result of what was learned during the pilot.

Initial Stage 1 outreach to T1 beneficiaries will occur over a three-month period, unless additional time is needed to accommodate the response of T1 beneficiaries to Stage 1 outreach and to provide them with assistance and information about BOND. Stage 1 outreach will begin in April 2011. To ensure that the response of Stage 1 outreach subjects does not initially overwhelm project staff, we will build flexibility into the Stage 1 outreach mailing schedule. Stage 1 outreach will end potentially as early as June 2011 and no later than September 2011. Stage 2 enrollment and random assignment will take longer because it involves recruiting volunteers. The demonstration timeline allows for an 18-month recruitment period for Stage 2 after the pilot, from April 2011 through September 2012.

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<sup>41</sup> Consideration was also given to constructing the T1 sample and the solicitation pool to include the same number of beneficiaries in every site. Proportional allocation was chosen instead because it is expected to produce slightly more efficient estimates (and thus smaller minimum detectable effects) than equal allocation, if larger sites have relatively larger within-site variability with regard to factors that might affect outcomes, such as geography, population density, local economies, and state and local programs. Proportional allocation also makes it feasible to have half of the T1 group in every site be short-duration beneficiaries, as desired for reasons discussed in Chapter Three.

<sup>42</sup> A complete timeline for the entire demonstration is provided in Chapter Eight.

The main demonstration sample will include all available beneficiaries in the 10 sites, excluding those we solicit as part of the pilot. We will divide these beneficiaries at random into three groups: the Stage 1 treatment group (T1), the Stage 1 control group (C1), and the solicitation pool for Stage 2. The T1 group is fixed at 80,000 cases, which statistical power estimates imply is large enough for the evaluation to detect meaningful Stage 1 impacts when compared to a control group of equal size (see Chapter Seven for an analysis of statistical power). Because only a small fraction of beneficiaries offered the offset are likely to use it, Stage 1 sample sizes need to be very large in order to provide enough information on the consequences of offset use and to detect what are likely to be small average impacts on the T1 group as a whole.

The T1 and Stage 2 solicitation pool samples will be divided at random into smaller groups, called replicates, and the replicates will gradually be released for purposes of Stage 1 outreach (T1) and Stage 2 recruitment (Stage 2 solicitation pool). The use of random replicates will help us manage the volume of flow into demonstration services while ensuring that differences in the timing of outreach to beneficiaries occur at random.

A total of 1,015,824 SSDI beneficiaries are estimated to be in the prospective BOND subject pool in December 2010. Of these subjects, an estimated 78.3 percent will be SSDI-only beneficiaries (800,904) and 21.7 percent will be concurrent (i.e., SSDI and SSI) beneficiaries (214,920). **Exhibit 4-3** shows how we will allocate these beneficiaries to the various BOND groups defined by the sample intake flow described in Chapter 3. **Exhibit 4-4** shows how we will split the samples for each group between SSDI-only and concurrent beneficiaries. In addition to the large Stage 1 treatment and control groups shown, the solicitation pool for Stage 2 needs to be very large on the expectation that a very small percentage of those solicited will volunteer. Four percent participation yields the 12,600 Stage 2 volunteers shown in the exhibits, from a pool of 315,000 beneficiaries solicited by the demonstration.<sup>43</sup> We developed this rate using findings from Project NetWork.<sup>44</sup>

As described in Chapter Three, sample selection will be stratified into two groups based on duration on the rolls at the time of selection: short-duration (36 or fewer months on the rolls at selection) and longer-duration (37 or more months). For Stage 1, 50 percent of the T1 subjects will be selected from the short-duration beneficiaries and 50 percent from the longer-duration beneficiaries. For Stage 2, we expect short-duration beneficiaries to volunteer at a substantially higher rate than longer-duration beneficiaries, and it might be that 50 percent or more of the volunteers will be from this group even if they are solicited only in proportion to their number in the population. During the recruitment process, we will increase

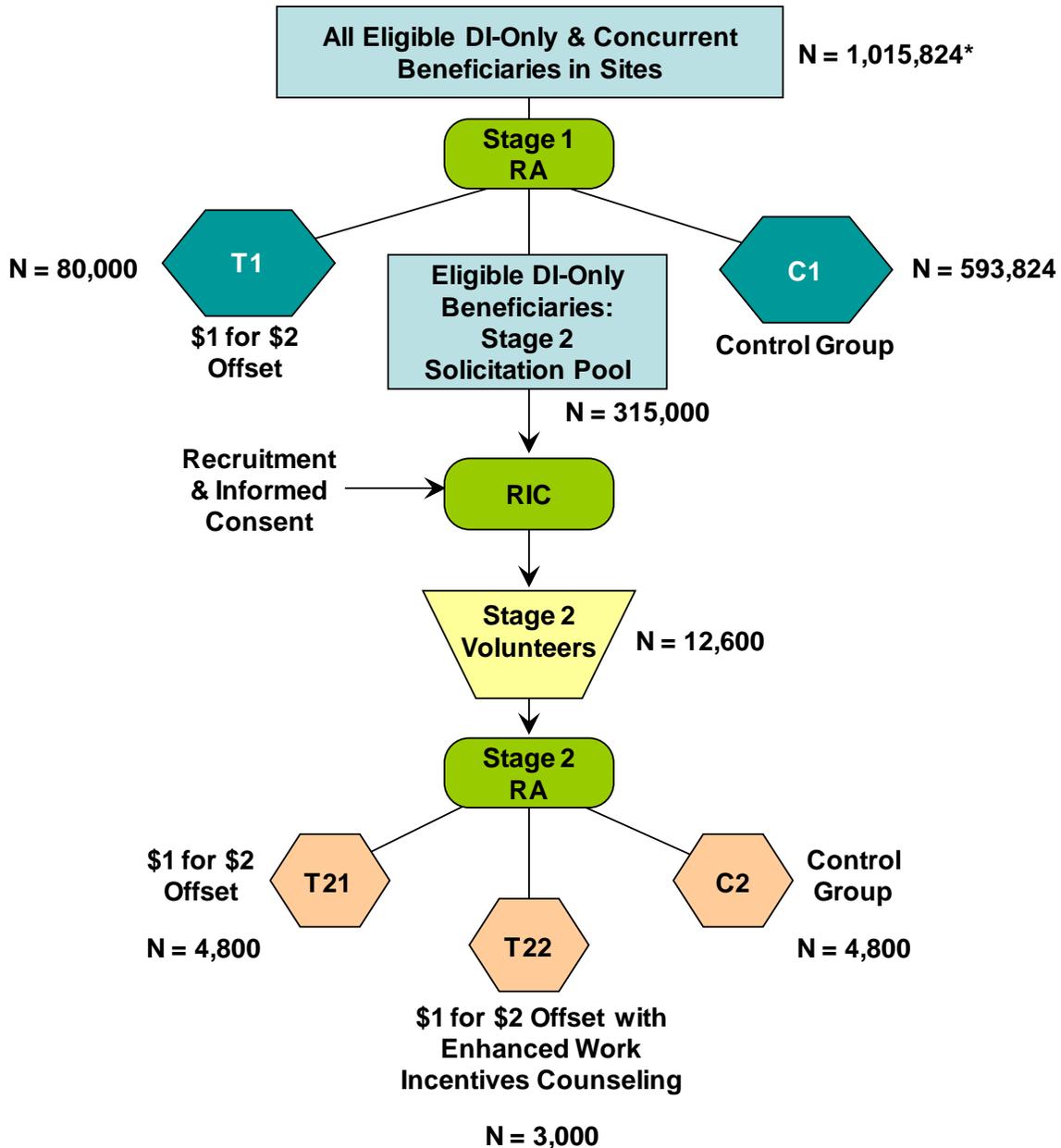
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<sup>43</sup> If volunteers from the pilot phase prove to be useable in the evaluation, a somewhat lower volunteering rate (3.7 percent)—or a smaller solicitation pool—will be sufficient to reach 12,600 total Stage 2 sample members.

<sup>44</sup> Project NetWork tested a return-to-work program for SSDI and SSI beneficiaries in which 4.7 percent of the SSDI beneficiaries who were invited to participate volunteered for the demonstration (see Burstein et al, 1999). The assumed 4 percent rate for BOND is probably a conservative assumption; in Project NetWork, the sites had recruitment quotas and most suspended active outreach once their quota was reached. Further, the treatments offered under BOND might be more appealing to beneficiaries than those offered under Project NetWork. Thus, the volunteer rate realized might be higher than the 4 percent assumed rate. If so, beneficiaries in the unneeded Stage 2 solicitation pool replicates will be moved to the C1 control group.

solicitation of short-duration beneficiaries to be more than proportionate if it appears that less than 50 percent of volunteers come from this group.<sup>45</sup>

**Exhibit 4-3. BOND Sample Intake Flow and Sample Sizes**



\*27,000 SSDI-only beneficiaries from this group will be solicited for Stage 2 participation during the pilot phase of the project.

<sup>45</sup> For Stage 2 recruitment, separate replicates will be drawn from the solicitation pool for short-duration and long-duration beneficiaries, and will be gradually released. If early recruitment results indicate that fewer than 50 percent of the volunteers are from the short-duration pool, the BOND team will increase the number of short-duration replicates released relative to the number of longer-duration replicates, as needed to achieve the 50 percent goal.

**Exhibit 4-4. Expected Sample Sizes of Beneficiaries, by Stage**

	SSDI-Only	Concurrent <sup>a</sup>	Total
<b>Overall Sample</b>			
Total	800,904	214,920	1,015,824
Pilot Solicitation Pool	27,000	0	27,000
Full Implementation Sample	773,904	214,920	988,824
<b>Full Rollout Sample Sizes</b>			
<b>Stage 1</b>			
Total	773,904	214,920	988,824
Treatment Group (T1)	63,074	16,926	80,000
Control Group (C1)	395,830	197,994	593,824
Stage 2 Solicitation Pool	315,000	-	315,000
<b>Stage2</b>			
Total (Volunteers)	12,600	-	12,600
Offset-Only Group (T21)	4,800	-	4,800
Offset-EWIC Group (T22)	3,000	-	3,000
Control Group (C2)	4,800	-	4,800

<sup>a</sup> Concurrent beneficiaries are not eligible for Stage 2.

The random assignment process will take place in steps. First, the BOND team will identify all of the eligible beneficiaries and randomly select 80,000 beneficiaries for T1. All SSDI-only beneficiaries not assigned to T1 will be candidates for the Stage 2 Solicitation Pool. Replicates from this group will be created and gradually released to recruitment until we obtain 12,600 volunteers for Stage 2. Those SSDI-only beneficiaries in the replicates not used for the Solicitation Pool, along with all concurrent beneficiaries not assigned to T1, will be assigned to C1.<sup>46</sup> The final step is to randomly assign the volunteers to the three Stage 2 groups, T21, T22 and C2.

The number of eligible beneficiaries and the sizes of the Stage 2 solicitation pool and the Stage 1 control group (C1) reported above are only estimates. The total of 1,015,824 is a projection, based on analysis of recent data; the number of eligible beneficiaries in the BOND sites when the sample is first drawn is likely to differ. Moreover, we will solicit just enough beneficiaries from the Stage 2 solicitation pool to obtain the 12,600 volunteers needed for Stage 2, and the size of the solicitation pool will be increased or reduced as needed to achieve this goal. This will depend on how the actual volunteer rate differs from the assumed rate. C1 is a residual group; any eligible beneficiary not assigned to another group will be assigned to C1. Hence the final size of the total sample and the number assigned to the Stage 2 solicitation pool will determine the size of the C1 group.<sup>47</sup>

<sup>46</sup> The percentage of concurrent beneficiaries in C1 will be larger than the percentage in the total population and the percentage in T1. The evaluation will use analysis weights to correct for this imbalance. The C1 sample will also have a smaller share of short-duration beneficiaries than the T1 sample, necessitating additional reweighting of the data in the analysis to restore the balance.

<sup>47</sup> The C1 sample is far larger than needed to achieve the statistical objectives of the evaluation. It imposes no costs, however, since no treatment is administered and all evaluation data for its surplus cases will come from administrative records systems for which data collection costs are insensitive to sample size. See Chapter Seven for further information on this point and a discussion of how the C1 sample will be used in the evaluation.

## Chapter Five. Treatment Design

This chapter provides a detailed description and discussion of the innovations to be tested under BOND. The BOND “treatments” consist of offering the innovations to randomly selected groups of beneficiaries, and providing the innovations to those who elect to use them.

In brief, Stage 1 of BOND will test a benefit offset—as offered and administered for the Title II and concurrent beneficiaries in our demonstration sites, compared to current law. Stage 2 of BOND will focus on those most likely to use the offset—volunteers solicited from SSDI-only beneficiaries—both to learn more about the impacts of the benefit offset among those most interested in returning to work, and to provide estimates of the impacts and costs of adding enhanced counseling services to the benefit offset.

Each beneficiary in treatment groups T1 and T21 will be offered a benefit offset, based on annual earnings, and counseling that is comparable to counseling currently available to all beneficiaries but delivered by counselors trained to help treatment group members understand the offset. OPDR will administer the benefit offset centrally. Treatment subjects will be able to use the offset for between 57 and 60 months, depending on when they complete their TWP. Treatment group T22 will also be offered EWIC services. The benefits of both the Stage 1 and Stage 2 control groups (C1 and C2) will be determined by current law, but there will be a difference between the two control groups in how benefits are administered. Benefits for C1 subjects will be administered following current SSA procedures. C2 subjects will use demonstration procedures for expediting the determination of TWP completion, so that treatment-control differences in TWP completion (or other outcomes) at this stage cannot be attributed to how TWP determinations are made.

The remainder of this chapter presents these treatments in more detail and summarizes program waivers that will be needed to carry out the special provisions applying to treatment group subjects. The next section describes the BOND benefit offset payment schedule itself, for SSDI-only beneficiaries and for concurrent beneficiaries. Discussion then turns to the implications of BOND’s annual accounting structure, followed by examination of its implications for auxiliary SSDI benefits. Next we consider the effects of the offset on taxes and non-SSA benefits. The offset’s duration and administrative features follow, before attention turns to the definition of WIC and EWIC that complement the offset. A final section summarizes the waivers of current program rules required to operate the demonstration.

### 5.1 Benefit Offset

The core of the BOND demonstration is the benefit offset formula, which causes SSDI benefits to decline gradually—i.e., \$1 for every \$2 in added earnings—as earnings rise above SGA. Understanding this central component, with all of its features and implications, is essential to understanding the demonstration as a whole. To provide this understanding, this section describes how the benefit offset provisions affect:

- the primary (i.e., non-auxiliary) SSDI benefits of SSDI-only beneficiaries;
- the SSI and primary SSDI benefits of concurrent beneficiaries;
- SSDI benefits for auxiliary beneficiaries; and
- other public and private benefits and taxes.

The duration and accounting structure of the offset are also described. The section concludes with a discussion of the administrative features of the offset under BOND that will be different from administrative features of the current SSDI program, and therefore constitute part of the innovation to be tested.

**BOND Benefits for SSDI-Only Beneficiaries**

Under the benefit offset to be tested in BOND, once a beneficiary has completed the TWP and the grace period, the beneficiary’s own SSDI benefit will be based on annual countable earnings—gross earnings minus any allowed IRWE. When the grace period is completed, the beneficiary will submit an estimate of countable earnings for the remainder of the calendar year, and make similar submissions at the end of each calendar year for the subsequent year. SSA will make monthly benefit payments based on the beneficiary’s estimate of annual countable earnings. If the accounting period is an entire year, SSA will base the annual SSDI benefit on the difference between estimated annual countable earnings and the BOND Yearly Amount (BYA), which is 12 times the SGA amount (see **Exhibit 5-1**). If countable earnings are below the BYA, the SSDI benefit amount for the full calendar year for the primary beneficiary is 12 times the monthly amount under current law. For every \$2 of estimated annual countable earnings in excess of the BYA, the annual SSDI benefit will be reduced by \$1. The annual benefit based on this calculation will then be paid in equal monthly installments over the year. If the accounting period for the offset is less than a full calendar year, as it typically will be when (i) a beneficiary starts to use the offset and (ii) the BOND participation period ends, the offset will be applied to countable earnings in the BOND-eligible months in excess of the pro-rated value of the BYA (i.e., the SGA amount times the number of BOND-eligible months).

**Exhibit 5-1. Calculation of Monthly Benefits under BOND**

Estimated Annual Countable Earnings (EACE)	Own Monthly Benefit Amount
Less than or equal BYA	Current Law Benefit (CLB)
Greater than BYA	Maximum of: 1) $[CLB - .5 * (EACE - BYA)]/12$ 2) Zero

Key: CLB=current law benefit  
 EACE=estimated annually countable earnings  
 BYA = BOND Yearly Amount = 12 x SGA level

Actual annual countable earnings will be determined at the end of the calendar year, and—if the difference is large enough—benefits will be reconciled.

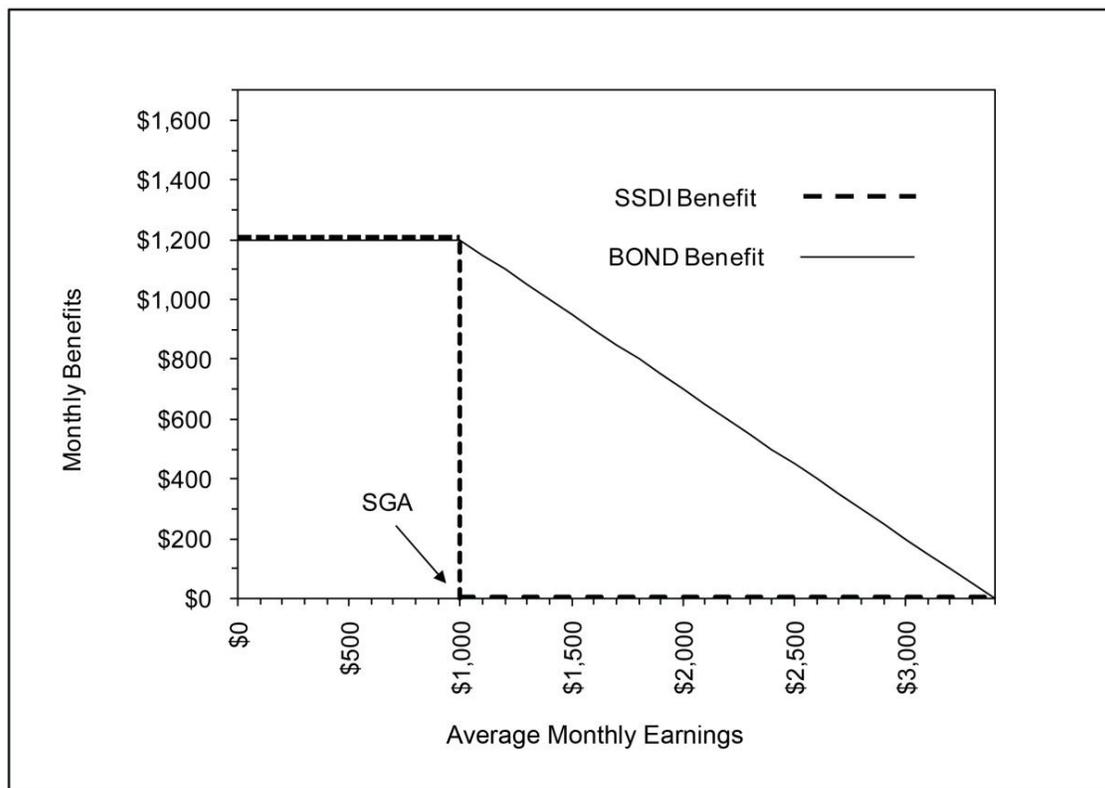
Although we will base the benefit amount under the offset on annual earnings, for clarity of exposition, the discussion that follows focuses on the relationship between monthly benefits and average monthly countable earnings (i.e. annual countable earnings divided by 12). Specifically, use of monthly amounts facilitates comparison with current law and emphasizes that benefits will continue to be paid on a monthly basis under BOND. The monthly comparison of benefits under current law and the benefit offset is only strictly accurate if monthly earnings are the same in every month of the year. Discussion of the implications of monthly versus annual benefit determination appears at the end of this subsection.

**Exhibit 5-2** illustrates the relationship between average monthly countable earnings and the benefit amount under the benefit offset for an SSDI-only beneficiary who has completed the TWP and grace period months. The figure applies to the beneficiary’s own benefit only; any auxiliary benefits are treated differently, as will

be explained later. For illustrative purposes, assume that the beneficiary’s own benefit is \$1,200 (\$14,400 per year), that earnings and countable earnings are the same (i.e., the beneficiary has no IRWE), and that the BYA is equal to the 2010 SGA amount for non-blind beneficiaries, \$1,000 (\$12,000 for a full year). The dashed line depicts the current-law benefit schedule for this hypothetical beneficiary. As long as monthly earnings are below SGA levels, the full benefit is paid, but if earnings exceed the SGA amount by as little as a dollar, no benefit is paid. The 100 percent loss of benefits at SGA is the “cash cliff” referred to in Chapter Two.

The solid line depicts the BOND benefit schedule. Full benefits are paid for each month of the year if yearly earnings are below annual SGA levels, but if yearly earnings exceed the annual SGA amount, the monthly benefit amount is reduced, at the rate of \$1 for every \$2 yearly earnings above the annual SGA amount. The diagonal line starting at SGA and ending on the horizontal axis is the benefit ramp referenced in earlier chapters.

**Exhibit 5-2. The BOND Benefit Schedule Compared to the Current SSDI Benefit Schedule**



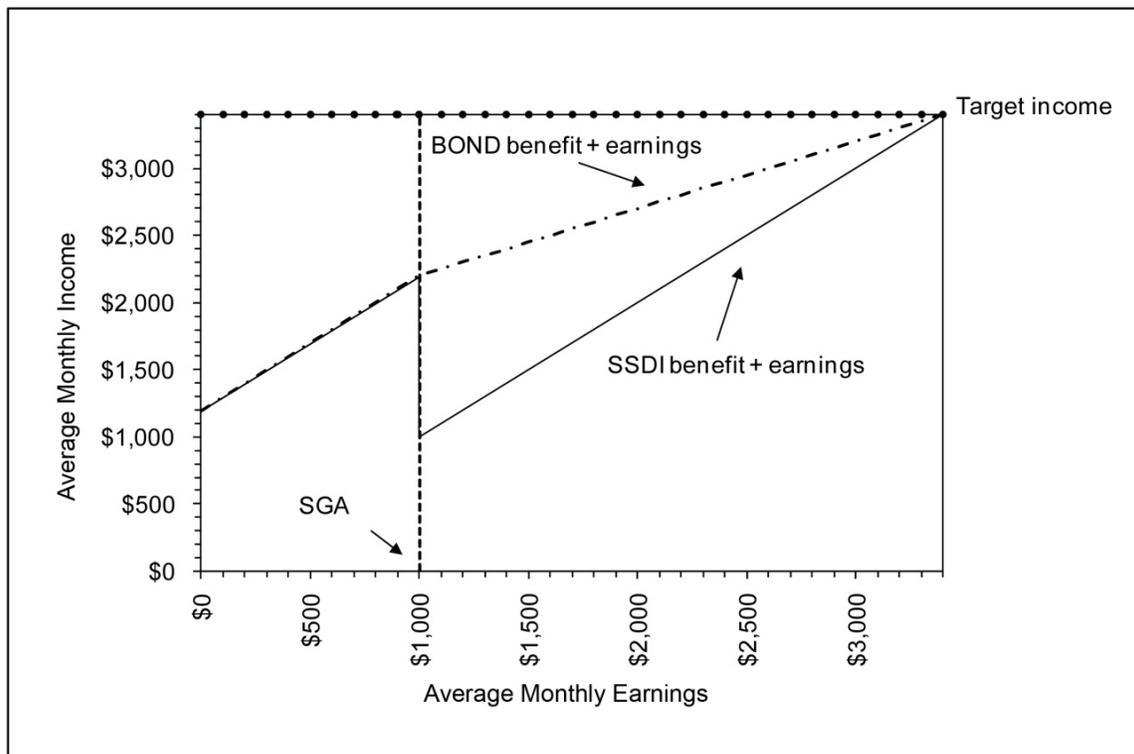
Assumptions:

- Current Benefit = \$1,200
- SGA = BYA/12 = \$1,000 (2010 non-blind value)
- Monthly earnings under BOND = annual earnings/12
- No expenses to deduct from earnings
- No auxiliary benefits
- Earnings and SSDI are beneficiary’s only income

**Exhibit 5-3** shows total monthly income (the sum of average monthly earnings and monthly benefit payment) on the vertical axis, based on the example above. Average monthly earnings again appear on the horizontal axis. The comparison of monthly income under current law and the benefit offset is only

strictly correct if monthly earnings are constant over the whole year. This depiction illustrates an important feature of the BOND benefit design: *as average monthly earnings increase, average monthly income also increases* over the entire range of earnings amounts. That is not true for SSDI benefits under current law. Instead, under current law beneficiaries experience a substantial *decline* in total monthly income when earnings increase from just below SGA to just above SGA. For instance, if the beneficiary illustrated had \$900 in monthly earnings, total monthly income would be \$2,100, under either current law or the benefit offset because of a \$1,200 monthly benefit payment. Under current law an *increase* in monthly earnings of \$200, to \$1,100 would *reduce* total monthly income by \$1,000, because of the loss of \$1,200 in benefits. The BOND benefit replaces this negative earnings incentive with a positive one – the more the beneficiary earns, the higher the beneficiary’s total income. In the example, when monthly earnings increase by \$200 from \$900 to \$1,100, total income increases by \$150.

**Exhibit 5-3. Illustration of the Effect of the Offset Schedule on Total Income (Benefit Payments + Earnings)**



Assumptions:

- Current Benefit = \$1,200
- SGA = BYA/12 = \$1,000 (2010 non-blind value)
- Monthly earnings under BOND = annual earnings/12
- Monthly income under BOND = annual income/12
- No expenses to deduct from earnings
- No auxiliary benefits
- Earnings and SSDI are beneficiary’s only income

Standard economic theory of program participation predicts that the change in incentives from current law to BOND will cause some beneficiaries who would earn just below the SGA amount under current law to increase their earnings to above SGA, since this will no longer eliminate their SSDI benefit. Put differently,

the current cash cliff probably induces some people to hold their earnings just below SGA.<sup>48</sup> Under BOND, many of these people may work more, pushing their earnings above SGA. Theory also predicts that some individuals who would earn above SGA without BOND (i.e., those headed for benefit suspension and termination) will work less with BOND (but still above SGA). Finally, others earning substantially below the level of SGA are predicted not to change their earnings at all, since the introduction of the benefit “ramp” (in place of the “cliff”) above SGA has no salience to them.<sup>49</sup> Where the balance lies among these cases is unknown, and this is part of what the demonstration’s evaluation will reveal.

The goal of BOND is to motivate beneficiaries to work more and have higher earnings by allowing them to keep more of what they earn. For example, under current law, if a beneficiary earning right at SGA raises her or his work hours and monthly pay, after completion of the TWP and grace period, benefits will be suspended and the beneficiary will experience a substantial reduction in income (despite the higher earnings). So an individual capable of and interested in greater work effort might not make that effort—it is too “costly” to the individual’s income. The BOND offset changes this calculus: total income no longer drops when earnings rise above SGA—instead income goes up by \$1 for each additional \$2 of earnings. Facing this tradeoff, the beneficiary might work more hours or take a higher-paying job—something that was not previously in her/his economic self-interest to do.

To see how BOND could instead result in lowered earnings for some people, consider a beneficiary who, under current law, has earnings of \$3,000 in every month, and receives no benefits after completion of the TWP and grace period. Under the offset, if this beneficiary had the same earnings, the monthly benefit would be \$200 [ $\$1200 - (\$3,000 - \$1,000)/2$ ], an increase of \$200 relative to current law. Further, compared to current law, under the offset, the beneficiary would have less incentive to maintain earnings at \$3,000 per month rather than a somewhat smaller amount, because a \$1 increase in benefits accompanies every \$2 reduction in earnings. For example, if the beneficiary’s monthly earnings fell to \$2,800 under current law, total income would fall by \$200. Under the offset the same change in earnings would reduce total income by only \$100, because benefits would increase by \$100. In economic terms, the financial gain from additional work is reduced relative to the opportunity cost of work—the value to the beneficiary of spending time on activities other than paid work. This change in incentives might induce some such beneficiaries to reduce time spent working in favor of other activities, or to take jobs that pay less, but are more satisfying in other respects. This effect is known as a “substitution effect.” There is also an “income effect,” which is likely to reduce earnings, if anything. That is, the fact that the beneficiary has more income, holding earnings constant, which means that more of the beneficiary’s wants for goods and services will be satisfied, reducing the incentive to increase earnings, even in the absence of the substitution effect.<sup>50</sup>

### **BOND Benefits for Concurrent Beneficiaries**

Although the BOND benefit schedule will be the same for SSDI-only and concurrent beneficiaries, SSI offsets reduce the value of the SSDI benefit offset to concurrent beneficiaries. This is because any

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<sup>48</sup> This phenomenon is often referred to as “parking.” Schimmel, Stapleton and Song (2010) estimate that between 0.2 and 0.4 percent of beneficiaries were parked just below SGA in a typical month over the period from 2002 to 2006.

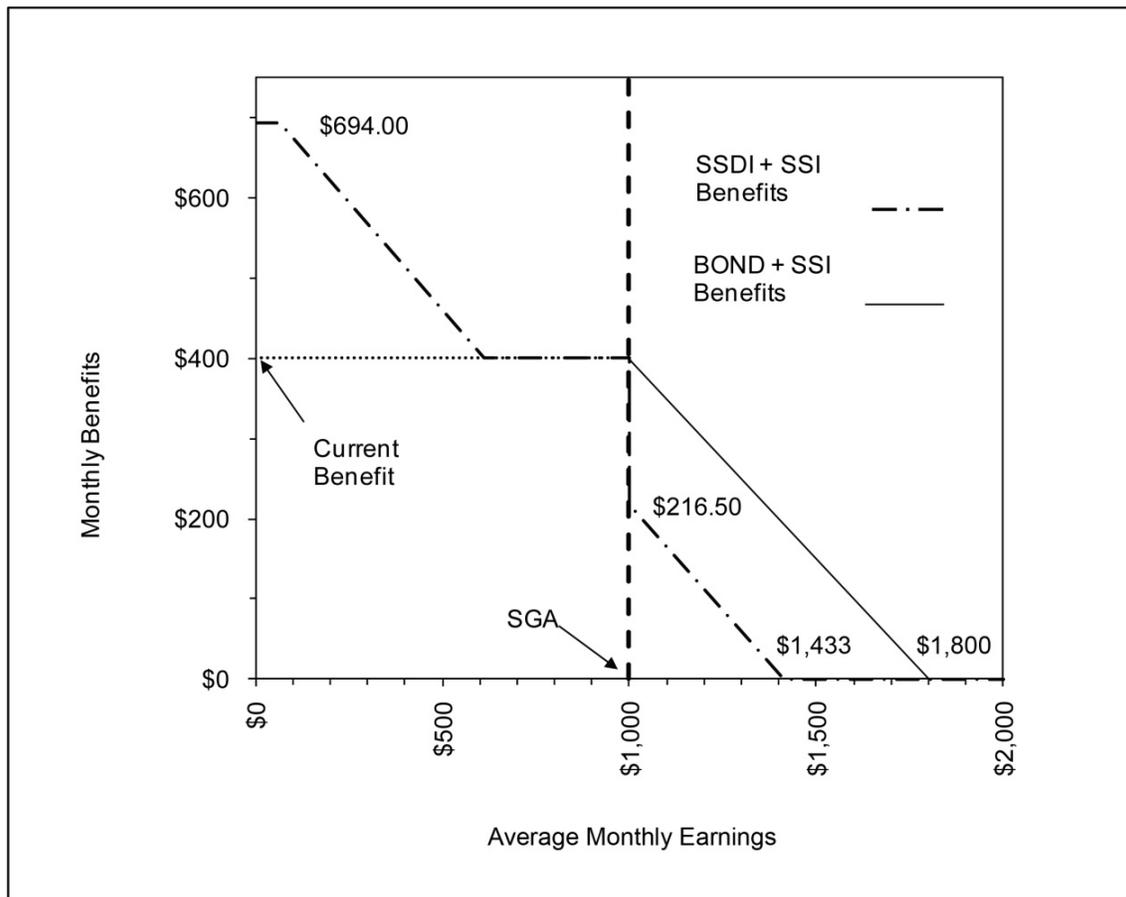
<sup>49</sup> These predictions, based on economic theory, are derived in Appendix A using “indifference curve” diagrams.

<sup>50</sup> It is possible, but perhaps less likely, that the income effect would work in the opposite direction; that is, the more favorable financial circumstances of the beneficiary under BOND, holding earnings constant, might increase the beneficiary’s desire for more goods and services.

increase in SSDI benefits—including increases generated by the BOND benefit ramp compared to the cliff—reduces SSI benefits dollar for dollar after the \$20 SSI income disregard.

An example of the current law and BOND benefit schedules for a concurrent SSDI-SSI beneficiary is depicted in **Exhibit 5-4**, under the simplifying assumptions that earnings are the same in every month of the year and that the beneficiary has no expenses that can be used to offset earnings. The diagram depicts a beneficiary entitled to an SSDI benefit of \$400 as long as earnings are below SGA, as represented by the horizontal line at \$400 in monthly benefits.

**Exhibit 5-4. Illustration of the Effect of BOND on SSI Benefits for Concurrent Beneficiaries with Moderate SSDI Benefits Relative to SSI**



- Assumptions:
- Current SSDI Benefit = \$400
  - SGA = BYA/12 = \$1,000 (2010 non-blind value)
  - Monthly earnings under BOND = annual earnings/12.
  - Monthly income under BOND = annual income/12
  - Beneficiary is single and living independently for SSI purposes
  - Maximum federal SSI benefit is \$674 (2010 value)
  - No expenses to deduct from earnings
  - No state supplement
  - Earnings, SSI and SSDI are beneficiary's only income

Under current law, the dashed line gives the sum of SSDI and SSI benefits. For earnings below SGA, the size of the SSI benefit is the vertical distance between the total benefit line and the horizontal line at \$400 (the SSDI benefit). For earnings above SGA the total benefit line is the dashed SSI benefit line. The total benefit is highest when earnings are between zero and \$65 – the earnings disregard for SSI. For earnings in this range, the total benefit is \$694—the maximum SSI benefit for an individual living independently (\$674) plus \$20 (because the first \$20 in SSDI benefits is not subtracted from the SSI benefit amount). For earnings above \$65, SSI benefits are reduced by \$1 for every \$2 in earnings until the SSI benefit is zero. When earnings reach SGA, however, SSDI benefits go to zero, and the SSI benefit again becomes positive. In the illustration, when earnings equal the SGA level of \$1,000, the SSI benefit is \$216.5 [ $\$674 - (\$1,000 - \$65 - \$20)/2$ ]. For every \$2 of earnings above SGA, the SSI benefit is reduced by \$1, along the lower part of the dashed schedule, until earnings are sufficiently high that the SSI benefit is again reduced to zero (\$1,433). Like the SSDI-only beneficiary, the concurrent beneficiary also encounters a cash cliff at SGA, but the size of the cliff is smaller because the full loss of SSDI benefits (\$400 per month) is partially made up by SSI benefits (\$200).

BOND does not affect the total payment schedule when earnings are below SGA, but it does affect the schedule when earnings are above SGA. For earnings above SGA, the total payment under BOND is made up entirely of SSDI benefits and follows the solid diagonal line reflecting the tapering off of SSDI benefits by \$1 for every added \$2 in earnings. As with SSDI-only beneficiaries, there is no cliff at SGA. The net result is a heightened incentive to earn above SGA for the concurrent beneficiary—the solid diagonal line showing greater benefits for any above-SGA earnings amount compared to the dashed diagonal line of current law. The size of the incentive increase is smaller than it would be if this beneficiary were not eligible for SSI, however, because the higher SSDI benefit under BOND reduces the SSI benefit to zero. In fact, the incentive for the concurrent beneficiary would almost disappear if the beneficiary's SSDI benefit were small enough.<sup>51</sup>

In most states that offer supplementary SSI benefits to recipients of federal SSI benefits, the effect of BOND on total benefits when earnings are above SGA for a concurrent beneficiary is even smaller than in states without such supplements (the case considered so far). These states have an SSI supplement that is fixed as long as the federal SSI payment is positive, but if income that is countable against federal SSI benefits reduces the federal benefit to zero, the state benefit is reduced by the excess countable income until the point where it, too, is zero. Thus, the SSI state supplement in these states simply reduces the size of the benefit cliff under current law. Concurrent beneficiaries in parts of 12 states with this type of supplement will be included in BOND: Alabama, Arizona, California, Colorado, the District of Columbia, Maine, Maryland, Michigan, New Hampshire, New York, Vermont and Virginia.<sup>52</sup>

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<sup>51</sup> If the SSDI benefit were small enough that SSI benefits were positive when countable earnings equal SGA, – the SSDI benefit under BOND and the combined current law benefit would almost coincide when earnings are above SGA. The only reason they would not coincide is the \$20 SSI income disregard. When earnings are above SGA under current law, this disregard can be used as an earnings disregard, assuming the beneficiary has no other countable income, but the positive effect of an earnings disregard on SSI benefits is only half that of a disregard for other income. Hence, above SGA the \$20 SSI income disregard protects the beneficiary from only a \$10 reduction in SSI benefits. Under BOND, when earnings are above SGA, the SSI income disregard can be used to offset the SSDI benefit, which would protect \$20 in SSI benefits. If the SSI income disregard were used to offset some other form of income, there would be no difference between total benefits under current law and under BOND when earnings are above SGA.

<sup>52</sup> SSI state supplements for states with beneficiaries included in BOND are described in Appendix B.

In some states, concurrent beneficiaries earning more than SGA could actually experience a loss in total benefits under BOND, holding earnings constant. In these states, the state supplement is a fixed amount as long as the federal SSI benefit is positive, but then stopped in its entirety when the federal benefit is reduced to zero by countable income. Thus, if BOND fully displaces the federal SSI benefit, the state SSI benefit would be lost even if the higher SSDI benefit did not fully replace it. Concurrent beneficiaries in only one state with this type of supplement will be included in BOND: Wisconsin.

Even though the financial gain from BOND for certain concurrent beneficiaries might be very small, some might choose to use it for two other reasons. The first reason is that they will no longer be subject to the SSI resource constraints, because their SSI benefits will be zero. This means that they will be allowed to receive support from other sources, acquire assets and save without restriction. Second, they can avoid SSI reporting requirements for income and resource information, which can be onerous. Despite these potential advantages, some concurrent beneficiaries will want to retain SSDI eligibility so that they will also retain eligibility for SSI. As long as their income is below the SSI 1619(b) income threshold and they continue to meet the SSI resource test, they will be able to do so. Loss of Medicaid eligibility would be especially problematic for those in the Medicare waiting period and those who rely heavily on services that have very limited or no coverage under Medicare. The loss of SSI status will likely be less of a concern for those who can retain Medicaid eligibility via the Medicaid Buy-in program.

### **Annual Accounting for Benefit Adjustments**

Under current SSDI program rules, once a beneficiary reaches the extended period of eligibility (EPE), benefits are paid based on whether the individual works above or below the SGA level in a given month. Under the BOND rules the adjustment of SSDI benefits will be based on the participants' annual earnings. A BOND participant will be paid full benefits, regardless of monthly earnings unless his or her annual earnings exceed the BOND yearly amount. Benefits will be reduced \$1 for every \$2 earned above the BOND yearly amount. This is consistent with the way benefits are offset for the earnings test in the Retirement and Survivors Insurance (RSI) program.

Monthly payment based on current-year annual countable earnings requires the use of an estimate of the latter. For BOND, the beneficiary will provide the estimate of annual countable earnings at the beginning of the year, or when the benefit offset will apply. As a result, there is a need for an end-of-year reconciliation of benefits because of differences between estimated and actual countable earnings. If the beneficiary could exactly predict annual countable earnings at the beginning of the year, when the monthly benefit payment is determined, there would be no need for reconciliation. But some, and perhaps most, beneficiaries will have difficulty predicting their annual countable earnings. They will face uncertainty about the availability of work (especially for hourly or self-employed workers, or those starting new jobs), about work-related expenses, and about medical issues that might intermittently and unpredictably reduce hours worked.

If the annual earnings estimate is too high, benefits paid during the year will be lower than the beneficiary is entitled to (benefits are "underpaid"), and SSA will pay additional benefits to the beneficiary at reconciliation. If the earnings estimate is too low, benefits paid during the year will be too high (benefits are "overpaid"), and the beneficiary will have a debt to SSA at reconciliation, to be repaid through deductions from subsequent benefit payments.

Underpayments and overpayments can both be problematic for the beneficiary, depending on financial circumstances and how well the beneficiary anticipates underpayments and overpayments. In fact, concern over overpayments was cited as a possible deterrent to offset use in the evaluations of the BOPD (see Chapter Two). To reduce the size of post-reconciliation adjustments, we will encourage BOND subjects to submit revised annual earnings estimates when their circumstances change in a manner that substantially affects their expected annual earnings or offsetting expenses. BOND subjects will also have access to counseling services that can help them anticipate end of year adjustments.

SSA customarily conducts the annual reconciliation in August, for the previous calendar year. SSA generally receives earnings reports from the IRS, based on employer W-2 forms by August. To support comparison of reconciliation, we will base calendar year earnings on when earnings are paid, following IRS rules, not when they are earned—a change from SSA’s usual practice. Reconciliation can occur earlier if earnings are adequately documented in some other way. If SSA determines during reconciliation that the difference between estimated and actual countable earnings is less than \$200, no adjustment will be made. As under current law, a BOND beneficiary may apply for a waiver to obtain a more favorable repayment schedule.

Although underpayments and overpayments will be difficult to avoid entirely under BOND, we expect them to be both smaller and less problematic than they are for beneficiaries in the EPE under current law, for two reasons.

1. Under current law, monthly underpayments and overpayments are typically equal to the entire monthly benefit amount, including both the primary benefit and any auxiliary benefits, because no benefits are paid when countable earnings are below SGA (causing an underpayment), or because full benefits are paid even though countable earnings are above SGA (causing an overpayment). This is a reflection of the SSDI cash cliff. Under BOND, the average monthly overpayment or underpayment during a year will typically be only a small share of the primary beneficiary’s full benefit, and the auxiliary benefit will only be at issue if countable earnings are so high that the estimated or actual primary benefit amount is zero for the year. This reflects the benefit ramp under BOND.
2. Under current law, monthly underpayments—and especially overpayments—often accumulate over months and even years, because of long delays in the reporting of earnings and the processing of earnings reports. Under BOND, SSA will centralize and expedite the reporting of earnings and adjustment of benefits, as we discuss at the end of this section.

### **Implications for Auxiliary Benefits**

The above exposition concerns the effect of earnings on the disabled beneficiary’s own benefits under the offset. A small minority of SSDI worker beneficiaries receive auxiliary benefits, for their dependents—3.1 percent in December 2008 (SSA 2009). The auxiliary benefits of disabled worker beneficiaries in BOND are not subject to the \$1 for \$2 offset. Instead, the auxiliaries of offset users will continue to receive the full amount of auxiliary benefits as long as the disabled worker’s own benefit is positive. If the countable earnings of the disabled worker exceed SGA so much that their own benefit is reduced to zero, we will suspend auxiliary benefits. In effect, this leaves a cash cliff in the schedule for total (own plus auxiliary) benefits of those with auxiliary beneficiaries, at a level of countable earnings that exceeds SGA by twice the

worker's own benefit. The height of this cliff is the amount of auxiliary benefits. In December 2008, the average monthly auxiliary benefit for SSDI workers with auxiliary benefits was \$461.<sup>53</sup>

The above rule for auxiliary benefits does not apply to DACs and DWBs, all of whom receive benefits as a dependent of a primary beneficiary (often a retired or deceased worker, but sometimes a disabled worker). Instead, such beneficiaries are themselves eligible for participation in BOND. If they have earnings above SGA, we will offset their benefits just as if they were an SSDI worker beneficiary. However, if a DAC receives a benefit from a living parent's record, the DAC's benefit will be suspended if the parent is no longer eligible for benefits, or if the parent's benefits are suspended (reduced to zero).

The sum of primary and auxiliary benefits for any beneficiary family (primary plus auxiliary beneficiaries) is subject to the family maximum benefit amount (FMAX). If the sum of the primary beneficiary's benefit and all auxiliary benefits exceeds FMAX, the total family benefit is reduced to FMAX. Normally, if a family's benefits are constrained by FMAX and benefits for the primary beneficiary or an auxiliary beneficiary are reduced for any reason, total family benefits would be unchanged as long as the sum of the individual benefits is at least equal to FMAX.

To illustrate, suppose the worker's benefit is \$1,200 and FMAX is \$1,800—50 percent higher than the worker's benefit, as is often the case for disabled workers. Suppose further that the beneficiary has two dependents, each entitled to 50 percent of the worker's benefit (\$600). Total benefits sum to \$2,400, but the family would only receive \$1,800 because of the family maximum. SSA would pay \$1,200 in benefits for the worker and \$600 for the two auxiliary beneficiaries—\$300 for each dependent. If one auxiliary beneficiary becomes ineligible, but nothing else changes, the total family benefit would remain the same, \$1,800; \$1,200 for the worker and \$600 for the remaining auxiliary beneficiary.

Under BOND, reductions in the worker's benefit amount will reduce the total family benefit by the amount of the reduction in the worker's benefit, even if the total family benefit is constrained by FMAX. That is, SSA will calculate the effect of FMAX on total auxiliary benefits as if the worker were being paid her/his full benefit amount.

### **Effects of Higher Earnings and Benefit Offset Use on Non-SSA Benefits**

If BOND induces expanded earnings, the effects of those earnings on other benefits and taxes have important implications for the demonstration and its evaluation. We will train the BOND Work Incentive Counselors about the potential effects of beneficiary earnings changes on other benefits and taxes, and will help treatment group subjects and prospective volunteers determine whether it is in their interest to use the benefit offset. The way taxes and other programs influence the extent to which increased earnings yield increases in disposable income will be an important issue for the evaluation.

Some SSDI-only beneficiaries receive other public benefits that are contingent on earnings or income, such as the Supplemental Nutrition Assistance Program (SNAP—formerly the Food Stamp Program). Some might be enrolled in a Medicaid Buy-in program, and their premiums might increase if their

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<sup>53</sup> This amount was derived from the following statistics for December 2008 reported in SSA (2009): the average monthly worker benefit was \$1,063, the average monthly benefit for the 6,191,000 worker beneficiaries without auxiliary benefits was \$1,054, and the average monthly benefit for the 196,000 with auxiliary benefits (including the auxiliary benefits) was \$1,821.

earnings increase. This could be particularly problematic for those who have not completed the 24-month Medicare waiting period after SSDI entitlement, or who have substantial health expenses not covered by Medicare. We expect that public benefits will not be a significant issue for most SSDI-only beneficiaries, however, because most do not receive any benefits from other programs that could be affected by employment. (See the SSDI-only column in [Exhibit 5-5](#).)

Private disability insurance (PDI), pensions (if a disability benefit), workers' compensation (WC), and veterans' benefits might limit participation in BOND by subjects receiving income from one or more of these sources. A recipient of PDI benefits or a disability pension might jeopardize those benefits by earning more than SGA. Some WC indemnity payments and veterans' benefits would not be affected (e.g., WC benefits based on a schedule tied to specific impairments), but others would (e.g., "unemployable" benefits received by a veteran with only a partial disability rating). Counselors will advise beneficiaries receiving any such income and considering whether to use the offset to consider the effects of higher earnings on these benefits and recommend consultation with the insurer or the Veterans' Benefit Administration.

#### **Exhibit 5-5. Non-SSA Unearned Income and Assistance Received by SSI and SSDI Beneficiaries**

	All SSDI	SSDI-only	Concurrent
Unweighted Number in National Beneficiary Survey	1,449	894	555
Weighted Number	6,732,951	5,052,870	1,680,081
Percent of SSDI beneficiaries	100.0	75.0	24.5
<b>Percent Receiving Income or Assistance from each Source (weighted)</b>			
SNAP	19.1	12.4	39.1
Pensions	10.0	12.9	1.4
Veteran's benefits	6.0	7.6	1.1
Private disability insurance	5.1	6.6	0.7
Public cash assistance/welfare	2.2	1.1	5.5
Workers' Compensation	2.3	3.0	0.3
Unemployment Insurance	0.2	0.1	0.4
Other source of income/assistance	3.8	4.0	3.3

Source:2005 National Beneficiary Survey. See Livermore et al. (2009)

Concurrent beneficiaries are more likely to be affected by the potential loss of benefits that they receive from other public programs. As the last column of Exhibit 7-4 illustrates, because of their lower income, concurrent beneficiaries participate in other means-tested programs at a much higher rate than SSDI-only beneficiaries, especially SNAP and public cash assistance. In discussing any disincentive effects these programs might have on BOND use, we should note that several programs (e.g., SNAP) treat earned income more favorably than they treat SSI or SSDI. In calculating countable income, these programs disregard part of the gain in earnings while acknowledging all of the loss of SSI/SSDI. For example, a beneficiary in the control group who loses all of his or her SSDI benefit due to excess earnings may actually qualify for a higher SNAP benefit because SNAP counts both earnings and SSDI benefits in its benefit calculation.

Relatively fewer concurrent beneficiaries receive PDI, pensions, WC, or veterans' benefits. Those who do, however, will face the same work disincentives as SSDI-only beneficiaries with the same benefits.

While not shown in the exhibit, the vast majority of concurrent beneficiaries are eligible for Medicaid, as in all but 11 states SSI beneficiaries are categorically eligible for Medicaid; in the others, those who meet a means test that is more stringent than the SSI test qualify. Those entitled to SSDI for longer than 24 months are also eligible for Medicare, but Medicaid pays for many health expenses not covered by Medicare, including the Medicare Part B premium. As long as beneficiaries remain eligible for SSI, they will maintain eligibility for Medicaid, but loss of SSI eligibility because of earnings or increased assets would jeopardize their Medicaid eligibility unless they can enroll in the Medicaid Buy-in or obtain Medicaid in some other category such as Medically Needy.

### **Duration of the Offset**

The importance of the changes in benefit rules promulgated by the BOND demonstration will depend on how long the rules are in effect. It may take beneficiaries some time to respond to the BOND work incentives, and the duration of that response will almost certainly be longer if the rules themselves apply for longer. If a benefit offset became national policy it might apply for a very long period—perhaps to the totality of each beneficiary's spell of SSDI receipt. Obviously, duration must be limited for the demonstration, but at the same time must be sufficient to reveal how beneficiaries respond to the intervention.

In view of these considerations, BOND's new payment rules will be in effect for five years for each treatment beneficiary. That is, all treatment group subjects will have the opportunity to use the offset during a 60-month "BOND participation period," provided that they complete their TWP by September 2017.<sup>54</sup> For those who completed the TWP before assignment to a treatment group, the participation period will start in the month after random assignment. For those who complete the TWP after random assignment, the participation period starts in the month after TWP completion. Subjects who have re-entered SSDI via expedited reinstatement must complete 24 months on the rolls following completion of a new TWP before their participation period starts. For all treatment group subjects, we will apply any remaining grace period months before the offset starts, but these months will count as part of the participation period. Hence, for each beneficiary that enters the participation period, the maximum number of months with reduced benefits under the offset will be 60 minus any grace period months remaining at the time. Throughout the participation period, beneficiaries with annual countable earnings below annualized SGA (i.e., 12 times the monthly value) will be entitled to receive their full SSDI benefit amount.

Treatment group subjects that fail to complete the TWP by September 30, 2017, will revert to current rules in October 2017. For all subjects in the Offset-EWIC treatment group (T22), eligibility for EWIC services will also terminate at the same time. All such subjects will be immediately eligible for the same counseling services available to other beneficiaries under WIPA.

When the BOND participation period ends, normal rules will apply to determine benefits. Because the participation period starts after the TWP is completed, all BOND participants will have passed the 36th EPE month. Hence, unless they have not exhausted their grace period months, their benefits will

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<sup>54</sup> This implies that some BOND subjects will be able to use the offset after the planned evaluation period, scheduled to end 2017.

terminate if their countable earnings remain above SGA. Those not engaged in SGA will continue to receive full benefits.

The Medicare EPE, which lasts at least 93 months, also begins in the first month after TWP completion. Current Medicare EPE rules will apply to BOND subjects. Once a person works at SGA after the 36 months following the end of the TWP, Medicare will terminate the later of:

1. the last day of the 78<sup>th</sup> month following the first SGA month occurring after the 15<sup>th</sup> month of the EPE; or
2. the end of the month following the month benefit entitlement ends.

Those that complete their TWP well before entry into BOND will lose Medicare eligibility during the 60-month BOND participation period if the 93 month Medicare EPE ends during that period, but the length of the Medicare EPE makes it likely that almost all BOND subjects will have a substantial number of months remaining in the Medicare EPE at the end of the BOND participation period, even if their SSDI benefits are terminated because of engagement in SGA.

A few BOND treatment subjects will leave the demonstration before the end of their opportunity to use the benefit offset. These include beneficiaries who have their benefits suspended or terminated for reasons not due to work, such as improvements in medical conditions or incarceration, and beneficiaries who formally withdraw (in stage 2 only), after consultation with a demonstration counselor. We will direct any beneficiary who requests to withdraw in stage 2 from the BOND project to a demonstration counselor for further consideration of whether this decision is in the beneficiary's best interest. If the beneficiary still requests withdrawal from the project, the benefits counselor will have him/her sign a withdrawal form and notify SSA. Treatment group members in stage 1 will not be offered the opportunity to withdraw. Finally, if subjects complete the TWP and grace period months and subsequently engage in SGA, but do not submit an earnings estimate to BOND, they will risk benefit suspension and, eventually, termination because of work based on current rules.

### **Other Administrative Features Incorporated in the Benefit Offset under BOND**

We will incorporate several special administrative procedures in the benefit offset under BOND. To the extent that they differ from current program procedures, we consider these procedures part of the benefit offset innovation. We have already discussed several such procedures: the use of an annual accounting period; use of earnings paid during the year rather than earnings earned; and payment adjustments based on estimated countable earnings and end-of-year reconciliation. The following describes other procedural changes that apply to all treatment group subjects and their implications for interpretation of Stage 1 findings. We then turn to a description of additional changes that apply to Stage 2 treatment and control beneficiaries and a discussion of the implications of those changes for interpretation of Stage 2 findings.

Perhaps the most important administrative difference is the centralized work CDR cadre. The BOND implementation team will assist SSA in its collection of earnings information from all treatment group subjects for Stage 1, and a special processing unit at SSA's central office will evaluate work activity and process SGA determinations to facilitate benefit adjustments under the offset. We will provide the same assistance for both treatment and control group subjects at Stage 2, as discussed below. We expect the central office unit to make a large majority of benefit adjustments via a quick, automated process.

Because of the expedited processing, we expect the adjudication of work CDRs for BOND subjects to be completed much faster than for other beneficiaries, including those who were subjects in the BOPD. As noted in Chapter Two, the BOPD evaluations concluded that delays in TWP determination, and consequent uncertainty about when the offset would begin, deterred some from using the offset. The centralized work CDR cadre for BOND is responsive to that problem. SSA used a centralized manual process without dedicated staff to complete the BOPD offset benefit adjustments, which resulted in long delays in adjustments to benefits and contributed to overpayment and underpayment problems. We expect the automated central process, with dedicated staff, to result in much more timely benefit adjustments. The BOND Implementation Team will help expedite both types of adjudications by collecting earnings documentation from beneficiaries and their employers and assisting beneficiaries with the development of estimated annual earnings and the interpretation of notices from SSA. We describe these interactions between beneficiaries and the demonstration in more detail in Chapter Six.

Another change concerns payments to providers under TTW. As discussed in Chapter Two, SSDI beneficiaries may assign tickets to a public or private EN under a payment system that includes outcome payments for the months in which cash benefits are not payable to a beneficiary because of performance of SGA. BOND subjects will also be able to assign their tickets, and some will have assigned their tickets previously. For those in the treatment group, SSA will waive the requirement that cash benefits are not payable during the period after TWP and grace period completion. Instead, SSA will pay properly documented EN claims for outcome payments if the individual's benefits *would have been* suspended or terminated because of SGA under current law rather than the benefit offset.

The benefit offset is expected to increase beneficiary use of TTW (i.e., to increase demand for EN services) because of the stronger incentive to increase earnings. Conversely, ENs in the demonstration areas are likely to find it more attractive to accept Tickets from BOND treatment subjects than from other SSDI beneficiaries (i.e., to increase the supply of EN services), because of the expectation that treatment subjects are more likely to engage in SGA after TWP and grace period completion.

All BOND treatment group subjects will have access to counselors that have similar capabilities to those who advise other beneficiaries. However, the BOND counselors will also be trained to help beneficiaries understand how BOND and the offset works. We do not expect this change alone to have a material effect on outcomes for treatment subjects, but it may be critical for successful use of the offset by some beneficiaries.

Outreach to the Stage 1 treatment group is another important administrative aspect of the intervention. The BOND team will offer the benefit offset to the Stage 1 treatment group through an outreach process involving letters, targeted telephone calls, and provision of information to local organizations that might be in touch with some treatment group subjects (see Chapter Six). The outreach campaign itself is part of the Stage 1 treatment, because the treatment consists of informing the beneficiary about the offset rules that will be applied to their earnings should they complete the TWP, or immediately if they have already completed it, along with actual delivery of the benefit offset to those that enter the BOND participation period, use up their grace period months, and have countable earnings above the BYA. Hence, the way we present the offer can affect the impact of the offset—and certainly the breadth of offset use within the target population. In addition, we will alert local organizations that might be in contact with T1 subjects to the demonstration and ask them to encourage treatment subjects to pay attention to the notice and to contact the demonstration with their questions.

To summarize, the Stage 1 treatment includes the implementation of the benefit offset described in Section 1 of this chapter as extended via the demonstration's outreach process, and as administered for the demonstration. This treatment will be compared to the current law benefit as it is currently administered. The findings from the impact analyses will reflect the administrative processes that are part of the Stage 1 treatment. Changes to those processes (e.g., a major change in the outreach process) might affect the impact of the introduction of a benefit offset.

The Stage 2 treatments include the same administrative features as the Stage 1 treatment apart from the outreach campaign. Further, the administration of current law benefits for the Stage 2 control beneficiaries will differ from current administrative practice in important ways. Hence, the benefits for the Stage 2 control group are not strictly the same as those for the Stage 1 control group.

Beneficiaries in all Stage 2 groups will be volunteers recruited by the BOND team through a process that will provide them considerable information about the offset. Hence, we can expect the prospective volunteers to have factual information about the offset and how it will be administered when they first enroll in the demonstration and are randomly assigned. The knowledge gained during the recruitment process could potentially change their behavior after random assignment, and the nature of the change might vary depending on their group assignment. For instance, those assigned to the control group might have a better understanding of how the SSDI program's current rules affect their benefits when they work—and of supports available via TTW—than if they had not gone through enrollment and random assignment. Compared to never having encountered the demonstration, some Stage 2 control group members might decide to restrain their earnings, but others might decide to take advantage of currently available supports that could help them increase their earnings. As a result of the knowledge gained during the enrollment process, those assigned to the treatment groups might be more eager to take advantage of the benefit offset than otherwise, and those assigned to T22 might be more eager to use EWIC services.

Also, the Stage 2 control group, C2, will use the demonstration's centralized work CDR cadre. The reason for this is to mirror a payment centers process for conducting work CDRs.

Formally, Stage 2 is a test of what will happen if SSA offers the benefit offset alone (T21) or the benefit offset and EWIC services (T22) to beneficiaries through the recruitment process *and* if SSA administers the offset with all of the administrative procedures described here versus current law subjects recruited through the same process who use the centralized work CDR cadre. It is also a test of the benefit offset offer and EWIC services combined versus the benefit offset alone, when the offset for both groups is administered via demonstration processes to volunteers recruited to be in the BOND demonstration. .

Stage 2 also provides the opportunity to learn about how expediting earnings reports and TWP adjudication affects beneficiary outcomes under current law, by analysis of the behavior of C2 subjects, non-volunteers in the Stage 2 solicitation pool, and SSDI-only subjects in C1. The analysis required, which is described in Chapter Seven, is more complex than the comparison of outcomes for two randomly assigned group.

## **5.2 Regular and Enhanced Work Incentives Counseling**

### **Work Incentives Counseling**

All SSDI beneficiaries are eligible to receive benefits counseling from a Work Incentives, Planning, and Assistance (WIPA) project. SSA funds 103 WIPA projects to work with SSA beneficiaries on using work

incentives to increase employment and earnings. WIPA projects also refer beneficiaries to employment support programs, such as SVRAs or employment networks (ENs). The primary objective of the WIPA is to equip beneficiaries to make the best use of work incentives to increase their employment.<sup>55</sup>

The goal of BOND regular Work Incentive Counseling (WIC) is to provide subjects in the offset-only treatment groups (T1 and T21) with counseling services that have the same overall content and intensity as WIPA agencies' information and advice to beneficiaries under the status quo. The only intended change, relative to the status quo, is that counselors will advise subjects about the effects of earnings on benefits under the offset. The intent of the demonstration is to measure the impacts of the benefit offset when implemented with this minimal, necessary change in the nature of WIC.

To accomplish this goal, the BOND demonstration design must surmount two major challenges.

1. The *content* of the counseling must change because the benefit offset schedule and other SSA rules will change. The objectives and circumstances of the beneficiaries seeking counseling services may also differ from the usual WIPA beneficiary, since beneficiaries will not be subject to the current "cash cliff" if they earn more than SGA, and more beneficiaries are likely to want to work to achieve earnings above SGA.
2. We must add capacity to meet the expanded demand for counseling. In most BOND demonstration sites, WIPAs are expected to become providers of WIC under the demonstration, but it might be necessary to recruit other organizations to provide WIC. Some WIPAs may not have the capacity or wish to expand their services to serve BOND treatment group subjects, or to serve those who reside outside of their current service area. In any case, the demonstration will add capacity, either by adding staff to current WIPA providers or by recruiting new contractors.

We will train and certify all counselors serving demonstration subjects as Community Work Incentive Coordinators (CWIC), and also provide training on the benefit offset provisions of BOND. The goal is for the amount of counseling offered to T1, T21 and control group members to be the same, even though the specific information provided will differ for treatment and control subjects. Specifically, treatment subjects will learn how earnings will affect their SSDI benefits under the benefit offset, and control subjects will learn how earnings will affect their SSDI benefits under current law. Further, the intent is to provide all control group members with the same level of support from CWICs as they would receive if they were not in the control group.

Under the demonstration, WIC services will:

- Be limited to the type and duration of services currently provided under WIPA;
- Be relatively brief for most beneficiaries;

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<sup>55</sup> Each WIPA is staffed with Community Work Incentive Coordinators (CWIC) to 1) provide work incentive planning and assistance; 2) help beneficiaries determine eligibility for other work incentive programs; 3) refer beneficiaries to other work support programs, such as the Ticket to Work ENs or state VR agencies; 4) provide general information about potential employer-based or federally subsidized health benefits coverage available to beneficiaries; and 5) inform beneficiaries of further services available to them.

- Include a Benefits Summary and Analysis when the individual is actively seeking employment or is already working;
- Include referrals to employment service providers, such as the SVRA;
- Focus on what will happen to SSA disability cash and medical benefits under a specific employment scenario; and
- Be provided only to beneficiaries who actively seek services.

### Enhanced Work Incentives Counseling

Stage 2 of BOND includes a test of the effect of offering EWIC on the size of the impacts from introduction of the benefit offset. The T22 group will receive EWIC, which will be distinct from the regular WIC described above.

EWIC will be provided through new funding to local agencies that specialize in helping beneficiaries find employment. These might or might not be the same local agencies that deliver WIC to other treatment subjects, depending on the site. In either case, however, counselors that provide EWIC to T22 subjects will not provide WIC to other treatment subjects. EWIC services will include, but go well beyond, the WIC services described above. In addition to the WIC services, EWIC staff will:

- Call each EWIC treatment group member and engage them in the counseling process;
- Identify vocational strengths on which to build through a vocational assessment;
- Systematically explore barriers to employment and recommend ways to address them;
- Help beneficiaries decide upon an employment goal and assist them in taking steps to reach it by developing an Employment Service Plan (ESP);
- In partnership with existing service providers, teach pre-employment skills, such as resume building and interviewing, to those who have identified acquisition of these skills in their ESP;
- Refer beneficiaries to job placement service providers in the community who will place beneficiaries in positions that match goals identified on their ESP; and
- Provide follow-along services to ensure that beneficiaries receive assistance from the providers to which they are referred.

Compared to WIC staff, EWIC staff will have substantially more contact with beneficiaries on a broader range of issues. Over the course of the demonstration, they will have the resources to devote many more hours to the counseling of each T22 subject than those available for the WIC staff who will be counseling other treatment subjects. Hence, a primary difference between the services is that EWIC staff will take a proactive approach to contacting beneficiaries on an on-going basis to inform them about demonstration services. In contrast, WIC staff will provide the same type of information, though only to beneficiaries who contact them. For example, while WIC staff will respond to requests for assistance from T1 and T21 subjects, EWIC staff will contact T22 subjects by telephone, letter, or in person at least once per month until the subject declines additional contacts.

Through the EWIC intervention for T22 subjects, BOND hopes to offer a more integrated and intensive intervention than is currently available to beneficiaries. WIPA staff focus on short-term benefits planning; after assisting beneficiaries with use of work incentives and possibly providing a referral to an employment service provider, they leave beneficiaries to pursue their employment goals almost entirely on their own. In contrast, the intent is for EWIC staff to actively take an interest in assisting beneficiaries over a long period of time, provided that the beneficiary welcomes such assistance.

The process evaluation will include an assessment of the demonstration's success with respect to implementation of the counseling design.

### 5.3 BOND Rules and Waivers

This section presents a synopsis of the special rules and waivers of current rules that SSA will put in place to define the BOND interventions. The waivers will specify the financial incentives in the demonstration and the protections for participants' continued attachment to the SSDI program. The waivers themselves will appear in the Federal Register. If there are any discrepancies between this synopsis and that published in the forthcoming Federal Register notice, the latter will govern.

- Beneficiaries assigned to BOND treatment groups will be offered use of a \$1 for \$2 benefit offset for countable earnings above SGA, a maximum period of 60 months after the later of a) the month of TWP completion, or b) the month after assignment to treatment status, provided that they complete their TWP by September 2017. Any grace period months that are available when the 60-month participation period begins (up to three) will be used in the first months in which countable earnings are above SGA (up to three); subjects will receive their full SSDI benefits during those months. SSDI eligibility will not terminate because of work during this period, even if their BOND benefit falls to zero because of high countable earnings. Benefits may terminate because of medical improvement, just as they would under current law.
- Treatment subjects who have been reinstated via Expedited Reinstatement will be eligible for the offset only after they have completed both the initial reinstatement period, and their new TWP and grace period.
- For those who complete the 60-month participation period, current program rules will once again apply. All such beneficiaries will have completed their TWP at least 60 months previously, so if their countable earnings are above SGA and their grace period months have all been used up, their benefits will terminate.
- Current Medicare EPE rules apply for BOND treatment subjects. We expect that all, or almost all, treatment subjects who complete their TWP before or during the demonstration will be in the Medicare EPE throughout their 60-month participation period and beyond.
- For those who never enter the 60-month participation period, current program rules will apply as of October 2017. By definition, they will not have completed the TWP.
- SSA will conduct work CDRs and make TWP and SGA determinations for BOND treatment group members. Those found to be engaged in SGA and who have completed the grace period but are still in the re-entitlement period will not have their benefits suspended. Instead, the benefit offset will be applied. The benefits of those who have completed the re-entitlement period but

have not since engaged in SGA will also be subject to the offset should their annual countable earnings exceed BYA in the future.

- Auxiliary benefits of BOND treatment subjects will be paid in full as long as the treatment subject's own benefits are positive under the offset. If the treatment subject's own benefits are zero because of high countable earnings, auxiliary benefits will be suspended.
- Treatment subjects must report earnings estimates to the BOND team on a periodic basis.
- For purposes of BOND benefit adjustments, and consistent with IRS rules for annual wage reporting by employers, wages for each month count at the earliest of the following points:
  - when they are received, or
  - when they are credited to the individual's account, or
  - when they are set aside for the individual's use (i.e., the employer sets aside the wages for payment at a future date as requested by the employee).
- For BOND treatment subjects who assign their Tickets under TTW, normal TTW payment rules will apply except that SSA will make outcome payments to ENs for months in which subject clients have their benefits reduced because of the benefit offset, provided that the EN submits an appropriate claim. The requirement that cash benefits not be payable during the month will be waived.

## 5.4 Summary

The BOND offset is designed to increase the value of working relative to its value under SSDI's current benefit design. If successful, beneficiaries will increase their earnings and reduce, but not necessarily eliminate, their reliance on SSDI benefits.

Stage 1 of BOND will test a benefit offset, as offered and administered for the demonstration, versus the current program, as currently administered, for all SSDI beneficiaries, including concurrent beneficiaries. Stage 2 of BOND will focus on those who would be most likely to use the offset—volunteers solicited from SSDI-only beneficiaries—and will provide estimates for 1) the impact of the benefit offset as offered and administered under BOND net of the effects of an expedited process for administration of current law benefits; and 2) the added impacts of EWIC services.

The additional EWIC services are designed to help beneficiaries take advantage of the improved incentives by ensuring they have the support needed to understand and use the benefits as fully as possible and the support they need to find and keep work. A key difference between EWIC and the WIC services offered to other subjects is that EWIC providers will be actively contacting the relevant treatment subjects and offering assistance throughout the demonstration period.

The next chapter describes how beneficiaries in the various groups will interact with the demonstration.

## Chapter Six. BOND from the Beneficiary's Perspective

This chapter focuses on BOND from the perspective of the beneficiary. It describes the outreach activities and messages directed to Stage 1 beneficiaries and the ways that Stage 1 beneficiaries will interact with the BOND team. The chapter also discusses how beneficiaries in the Stage 2 solicitation pool will learn about and enroll in BOND. Finally, the chapter describes assistance available to help Stage 1 and Stage 2 treatment group members understand the \$1 for \$2 benefit offset and to report their earnings to SSA to take advantage of the offset. Some material presented here summarizes demonstration procedures described in Chapter Five, in order to fully describe BOND from the perspective of SSDI-only and SSDI/SSI concurrent beneficiaries.

### 6.1 Beneficiaries Affected by Stage 1

Stage 1 random assignment will be completed using SSA administrative records. Since Stage 1 treatment subjects (T1) will not be required to consent to random assignment, Stage 1 does not involve direct recruitment of beneficiaries. Instead, T1 subjects will first hear about BOND in a letter sent from the BOND team. This outreach letter relays the good news that a new, more generous treatment of their earnings—the \$1 for \$2 offset—will apply if and when they engage in SGA for a sustained period.<sup>56</sup> The letter refers the beneficiary to the BOND website, the BOND call center, and to his/her BOND office for further information.

The letter sent to T1 subjects suggests that they contact the BOND team at the BOND site office or BOND call center in order to understand what the benefit offset can mean to them. This contact is the first step to their understanding how the offset works, how it could affect their incomes, and how to initiate earnings reporting so that SSA can apply the \$1 for \$2 benefit offset. Follow-up contacts they initiate with the WIC provider agencies can help extend this understanding. Beneficiaries assigned to T1 who wish to use the benefit offset must work with the BOND team, not the SSA Field Office, to report earnings under BOND. Concurrent beneficiaries who inquire about BOND after receiving the letter will receive additional information from the BOND team about how earnings—and more specifically the processing of their earnings under BOND—will affect their SSI benefits.

After receiving the letter, some T1 subjects will contact the BOND team to learn more about the demonstration. Others will not respond. SSA will identify the T1 subjects who appear to have earnings and provide this information to the BOND team. The BOND team will send a second letter and call a subset of those who do not respond—those who appear more likely than others to use the BOND work incentive, based on evidence about their work activity and earnings—to encourage them to consider the opportunities offered by BOND. The purpose of this targeted follow-up is to remind T1 subjects with earnings about the availability of BOND and to inform them: a) that the offset offers an opportunity to earn more than the SGA level for a long period without losing all monthly benefits, and b) how to obtain more information about the demonstration and take advantage of the offset.

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<sup>56</sup> Stage 1 treatment subjects who have already been ceased due to SGA at the time of random assignment can use the offset immediately. SSA will directly initiate the offset for these beneficiaries based on end-of-year reconciliation with IRS earnings data. SSA will also initiate work CDR development for T1 subjects who appear to have used—or currently be using—Trial Work Period months.

We will not notify C1 subjects about their assignment, as their benefits will not change. We will ask some C1 subjects to participate in the Stage 1 follow-up survey, but not until approximately 36 months after random assignment.

## 6.2 Beneficiaries Affected by Stage 2

### Stage 2 Outreach

Beneficiaries assigned to the Stage 2 solicitation pool will learn about the demonstration when they receive a letter from the BOND team inviting them to volunteer. These beneficiaries can respond to the outreach letter, either by calling the BOND Call Center or by contacting the appropriate BOND site office. The BOND site office will call beneficiaries who do not respond, making multiple calls if needed to reach the beneficiary. In this phone call, the BOND staff member will confirm that the beneficiary resides in the BOND site, provide more information about BOND, answer the beneficiary's questions about BOND, and schedule an enrollment session.

### Stage 2 Enrollment

Beneficiaries who remain interested in BOND will meet with the BOND team to learn more about the demonstration, provide informed consent if interested in volunteering, complete a baseline interview, and be randomly assigned to a treatment or control group. We will conduct most or all of these activities in person in an enrollment session. In many cases, the enrollment session will occur in the BOND site office. However, because of the geographical dispersion of the eligible population, alternative locations will also be used to reach BOND participants who have travel restrictions or are far from the site offices (e.g., in rural counties).<sup>57</sup>

Prior to seeking informed consent, BOND site office staff will describe the demonstration and answer questions. Many potential volunteers will have questions about how the \$1for\$2 benefit offset might affect their total income under various work and earnings scenarios. Staff will provide them with illustrative examples to demonstrate how the offset works and how benefits would be affected under different earnings scenarios. If the beneficiary has further questions or a complicated personal situation, we will advise the beneficiary that WICs, available to all beneficiaries who are randomly assigned to receive the benefit offset (T21 or T22), will help them understand those effects after enrollment and before using the benefit offset.

Once we have explained the potential benefits and answered questions in sufficient detail, the staff will review the consent form with the potential volunteer. To volunteer, the beneficiary must show a sufficient understanding for consent, and then sign the Participation Agreement (informed consent). A trained interviewer will then conduct the baseline survey. Once the interview is completed, the volunteer will be randomly assigned to one of the Stage 2 treatment or control groups (T21, T22 or C2). We will notify the volunteer of the results, orally (if the enrollment takes place in a site office) and in writing.

With their random assignment notification, those assigned as T21 subjects will receive information on how to contact the organization providing WIC services in their area, along with a brief description of the nature of those services. Those assigned to the T22 subject group will receive contact information for the EWIC provider in their area and information on what services these providers will offer to them. EWIC

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<sup>57</sup> For enrollment in alternative locations, all steps except random assignment will be conducted in person.

providers will also be notified each week about beneficiaries assigned to the T22 group so that EWIC staff can immediately begin active outreach to T22 subjects.

### 6.3 Outreach Messages

The central message of the outreach campaign for subjects in Stage 1 and Stage 2 is that BOND offers an important opportunity to work while receiving benefits. A secondary message for the Stage 2 solicitation pool is that BOND is a special opportunity not available to all SSDI beneficiaries, and that SSDI beneficiaries can learn more and make informed decisions for themselves in the process of volunteering for BOND. The Stage 2 outreach letters are only the first step in communications about BOND; other steps and materials will provide additional details and caveats about BOND (relative to the individual beneficiary's circumstances) as the enrollment process proceeds.

We will deliver the outreach messages in different formats to beneficiaries in Stage 1 and Stage 2. The outreach messages to T1 subjects will be contained in the letter informing them of the availability of the \$1 for \$2 benefit offset. The messages will be repeated if T1 subjects inquire about BOND after receiving the initial letter. The targeted outreach for T1 subjects who have earnings also will reflect in these messages. In Stage 2, the outreach messages will be summarized both in written contacts with beneficiaries, as well as during conversations during recruitment and enrollment activities that are unique to this stage. The messages will also be delivered to beneficiaries in Stage 1 and Stage 2 through materials available on the BOND website.

The central outreach messages that are relevant to all treatment group subjects in Stage 1 and Stage 2 (T1, T21, and T22 subjects) include:

- BOND is a new SSDI pilot program offered to randomly selected beneficiaries served by 10 SSA Area Offices.
- The BOND website and call center are available for information about the demonstration.
- BOND participation will not reduce a participant's income. Total income (earnings plus SSDI/SSI benefits) will not be less under BOND than under the current SSDI program in most cases.
- BOND replaces the current SSDI cash cliff with a ramp—BOND participants can earn more from work than is currently possible while retaining some of their SSDI benefits
- Beneficiaries can earn more while retaining some of their SSDI benefits for as long as 60 months, without jeopardizing their eligibility to return to current SSDI rules afterward.
- BOND does not affect individuals' beneficiary status in any other way. Entitlement to full benefits during the TWP and three-month grace period, use of Ticket-to-Work, use of benefits planning and assistance services, and entitlement to Medicare are all unchanged.
- Beneficiaries who participate in BOND will continue to be subject to regularly scheduled medical Continuing Disability Reviews (medical CDR) as under current law.<sup>58</sup>

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<sup>58</sup> Under current law, SGA can trigger a Medical CDR for those who have been entitled to SSDI for 24 or fewer months. Almost all other Medical CDRs are scheduled via a diary based on the nature of the individual's

- Individuals who receive assistance from other programs, such as private disability insurance, workers' compensation, their state's medical assistance program, or housing subsidies might see this assistance reduced or eliminated if they increase their earnings sufficiently. Individuals' taxes also could be reduced (because of credits) or increased by additional earnings. A work incentives counselor will advise individuals on how earnings may affect their assistance and taxes, and will help each individual develop a strategy for work and income that suits the person's circumstances.

Additional topics that are relevant to beneficiaries in the Stage 2 solicitation pool include:

- Participation is voluntary.
- Some volunteers for BOND will be assigned to receive the new benefit offset, using a process called random assignment that works like a lottery.
- Some of those assigned to receive the benefit offset will also be assigned to receive EWIC.
- Those not chosen for the first two groups will remain in the SSDI program under current rules.
- All volunteers will have an equal chance of being assigned to one of the three Stage 2 groups (T21, T22, or C2).

We will communicate similar messages to local advocacy groups, service providers, and the general public to inform them about BOND during the beginning phases of the demonstration. These messages will emphasize that BOND is a demonstration designed to help SSDI beneficiaries increase their earnings while retaining some of their SSDI benefits during the demonstration period., BOND is sponsored by SSA and will be implemented and evaluated with the assistance of an experienced independent research organization (the BOND team).

To communicate these messages, the BOND team will distribute written materials, meet with local and national stakeholders to introduce the demonstration, and provide a single point of contact in the BOND team for communications and questions about the demonstration. The BOND team will notify local stakeholders and advocacy groups about the Stage 2 mailing and outreach schedule so that they will be aware that questions may arise from beneficiaries and be prepared to refer them to the BOND team.

#### **6.4 Earnings Reporting and Benefit Adjustment for Stage 1 and Stage 2 Offset Users**

This section focuses on how beneficiaries will report their earnings under BOND and how SSDI benefits will be adjusted. We also discussed the offset and earnings reporting in Chapter Two. Under current law, SSDI beneficiaries can use the TWP to test their ability to work without affecting their benefits. The TWP is completed when a beneficiary has worked with earnings above a threshold (\$720 per month in 2011) for a total of nine months (not necessarily consecutive) within a rolling 60-month period. The EPE begins after completion of the TWP. When a beneficiary has earnings above the SGA level in the EPE, benefits are suspended after a three month grace period. However, during the first 36 months of the EPE (the re-entitlement period), benefits will be reinstated for any month in which work is below the SGA level, as

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impairment. A Medical CDR can result in a determination of "medical recovery" and termination of benefits only if the beneficiary's medical condition has improved since the beneficiary was originally determined to meet the program's medical eligibility criteria, to the point where the beneficiary can engage in SGA.

long as the beneficiary continues to have a disabling impairment. Benefits terminate with the first month of SGA level work after this 36-month period, or as soon thereafter as any remaining grace period months are used up.

### ***TWP Completion and Entry into the Offset Participation Period***

The current-law TWP and grace period rules will also apply to BOND treatment subjects. However, once the beneficiary has been randomly assigned to a treatment group and SSA has verified that the beneficiary has completed the TWP and grace period (GP) months, he or she will be entitled to receive BOND benefits. If the beneficiary anticipates earning less than the BOND yearly amount (\$12,000 in 2011), the beneficiary will continue to receive the full SSDI benefit. If the beneficiary projects earning more than the BOND yearly amount (essentially, the annualized SGA amount), SSA will reduce the annual SSDI benefits by \$1 for every \$2 the beneficiary expects to earn above the BOND yearly amount.<sup>59</sup> SSA will pay the annual benefit to the beneficiary in equal monthly amounts. Benefits for auxiliary beneficiaries (i.e., dependants receiving benefits on a disabled individual's record) will not be subject to the offset, but will be suspended if the BOND beneficiary earns so much that his or her own benefit is zero.

The offset will be available for up to 60 consecutive months after completion of the TWP—the offset participation period—provided that the subject completes the TWP by September 2017 (in which case the last month in the offset would be August 2022). During this period, BOND participants who continue to have a disabling impairment will not have their SSDI eligibility terminated due to earnings over the BOND yearly amount, even if they earn so much that their SSDI benefits are reduced to zero because of the \$1 for \$2 offset. If beneficiaries have completed the TWP and GP before assignment to a treatment group, the benefit offset rules will be used to calculate their benefits in all of the next 60 months. For those who complete the TWP after assignment, or who have completed the TWP but have GP months remaining, the benefit offset will be applied to all months remaining in the 60 months after the GP months are used, up to 57 months at the most.

### ***Role of the BOND Team in Earnings Reporting***

The BOND team will work closely with beneficiaries to report earnings in BOND. The BOND team will facilitate the reporting of earnings, and SSA will use a highly automated process to adjust benefits in a timely fashion—a process that was not available under the BOPD project. BOND staff will use the BOND Operations Data System (BODS) to organize and input information necessary to support the offset implementation, such as proof of wages, work activity forms, and verification of impairment-related work expenses, for all treatment group subjects in both stages. The BOND team will also collect and report earnings information under current rules for the Stage 2 control group (C2).

The first purpose of earnings reporting is to identify the month in which treatment subjects complete their TWP, as the BOND participation period only begins after the TWP is completed. SSA administrative records will identify the TWP completion month for some treatment subjects as occurring prior to random assignment, but others will need to provide the earnings documentation necessary to identify the TWP

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<sup>59</sup> Most treatment subjects will first become eligible to use the offset during a month other than January. For such subjects, benefits for the remainder of the calendar year will be based on a comparison of estimated earnings for the remaining months to the BOND monthly amount times the number of remaining months.

months. Usual program rules will apply, but the BOND team will help subjects collect the information required, review the information, investigate further when necessary, and submit the information to SSA in a manner that supports expedited establishment of the TWP, cessation, and GP months, if applicable. SSA employees from a centralized unit in Baltimore will ultimately determine whether, and, if so, when, the TWP has been completed.

Once SSA has confirmed that the beneficiary has been paid his/her benefits for all nine months of the TWP, has been ceased due to SGA and has been paid for the grace period, the BOND beneficiary must submit estimates of earnings for the remainder of the calendar year, in order to determine the benefit amount under the offset. The offset will be applied only to that portion of the year after the GP months have been used. SSA may allow exclusion of estimated IRWE from the beneficiary's total earnings estimate to determine a BOND earnings estimate. In certain unusual cases, some other earnings may also be excluded.<sup>60</sup> The BOND team will collect the information from the BOND beneficiaries, review it, seek additional information if needed, and submit the information to SSA in a manner that will support SSA's automated benefit adjustment process for BOND.

Toward the end of each calendar year, BOND beneficiaries who plan to continue use of the offset must submit estimates of earnings and any anticipated deductions for the next calendar year. BOND beneficiaries can revise their earnings or deduction estimates during the calendar year as needed based on changes in employment or employment supports. BOND beneficiaries must submit documentation for any deductions. After the end of the calendar year, SSA will compare the last earnings estimate to earnings reported to the IRS. Prior to making the comparison, any proven deductions will be added to the earnings estimate and then compared to the IRS reported earnings. If there is an overpayment of more than \$200, SSA will send a notice to the beneficiary explaining the overpayment determination. At that time, the beneficiary will have the right to appeal the decision and provide any evidence showing what actual earnings were during the year in question. If there is a difference in the beneficiary's favor (i.e., less income was reported to the IRS than was estimated in BOND), an underpayment may have occurred. Demonstration staff will be available to assist BOND beneficiaries with the appeals process. If an underpayment of any size is identified, Office of Program Development and Research (OPDR) staff will review the underpayment prior to its release.<sup>61</sup> Once approved, SSA will pay the beneficiary.

BOND participants in both stages will have several options for reporting their earnings and IRWE estimates and documentation, as well as obtaining assistance with the process. Estimates may be submitted to a BOND Site Office, the Call Center, or the Processing Center, and documentation may be submitted to a Site Office or the Processing Center. Site Office and Call Center staff will be available to assist subjects with the process, and issue receipts for work estimates provided or changes in work estimates. Prior to the end of year reconciliation (scheduled to run in August of the following year), if a BOND beneficiary estimates any subsidy, IRWE, or any other non-countable income, a claims representative (CR) in OPDR will make a determination of whether the incentive or non-countable income is proven. SSA will document the determination in the BOND Stand-Alone System (the system that will calculate the offset and send the results to SSA's main systems for recording benefits and issuing payments).

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<sup>60</sup> If the beneficiary's earnings are higher than they otherwise would be because of subsidies or supports provided directly to the employer, SSA may deduct an estimate of the effect of the subsidy or support on earnings.

<sup>61</sup> This was suggested as a result of too many erroneous underpayments being released in the BOPD project.

One of the roles of the site office (and later call center) staff is to ensure that BOND participants have sufficient information about the reporting process to avoid substantial over- or underpayments. Beneficiaries will be able to submit revised annual earnings estimates during the year, should they become aware that the annual earnings will likely be higher or lower than anticipated. Doing so will prevent accumulation of underpayments or overpayments for the remainder of the year, but not prevent them entirely. If they wish, beneficiaries may overestimate their annual earnings to avoid the risk of overpayment and increase the likelihood of receiving a “refund” for underpayment at end-of-year reconciliation. They can also choose to document their earnings at the end of the year to obtain a more rapid payment rather than wait for SSA to reconcile earnings on the basis of IRS data. BOND staff will not be able to tell subjects exactly how large any overpayments or underpayments will be, but can help subjects estimate the amount, based on revised earnings estimates. Subjects who anticipate substantial overpayments will be advised to prepare for likely future downward benefit adjustments to recoup overpayments, by making appropriate changes to their expenditures and savings.

Concurrent Stage 1 treatment subjects must continue to comply with SSI reporting requirements if they wish to maintain their eligibility for SSI. The BOND team will assist beneficiaries with reporting wages through the monthly wage verification system used by that program if appropriate.

## 6.5 Counseling

Subjects in all treatment groups will have access to counselors that have been trained on use of the benefit offset. Two types of counseling services will be available, depending on the treatment group. As described in Chapter Five, subjects in T1 and T21 will have access to WIC services, while subjects in T22 will have access to EWIC services.

The counselors will be specially trained employees of local organizations that already provide counseling services to beneficiaries. Treatment group subjects will be given contact information for the appropriate agency in their site when they enter BOND, and they will also be able to obtain the information from the BOND website and the BOND Call Center. Treatment subjects may initiate contact with the counselors at any time. EWIC counselors will contact each T22 subject proactively, to engage the beneficiary in understanding what BOND offers and taking advantage of this opportunity. If the subject consents, the EWIC counselor will actively stay in touch with the subject throughout the demonstration.

The specially trained BOND counselors will be available to treatment subjects through September 2017.

## 6.6 Summary

Beneficiaries who are eligible for BOND may interact with the BOND team in various ways, depending on their group assignment and on their individual circumstances. Those who are assigned to the large Stage 1 control group will never interact with the BOND team unless they are selected to be interviewed for the 36-month Stage 1 survey.

To ensure that treatment subjects are able to take full advantage of the offset, the BOND team will provide extensive administrative support to SSA. Many beneficiaries will be contacted by the BOND site office for their area and offered the chance to use the offset (the Stage 1 treatment group) or to volunteer for random assignment into a Stage 2 group. Beneficiaries will be able to obtain additional information

from the site office, the BOND Call Center, or the BOND website. The BOND site office staff will conduct the Stage 2 intake process, during which interested beneficiaries will be provided with extensive information about the study. Those who volunteer will be randomly assigned to a treatment or control group immediately.

All beneficiaries assigned to a BOND treatment group will be offered the opportunity to obtain assistance from specially trained counselors (WIC for T1 and T21 subjects, and EWIC for T22 subjects). Treatment subjects will be asked to report their earnings and any deductions to SSA via the BOND team, for the purposes of determining TWP completion and benefit adjustment. BOND staff will assist beneficiaries in the reporting process and ensure that SSA receives the information it needs to expedite TWP determination and benefit adjustment. Stage 2 control subjects will also be asked to use this reporting process.

The BOND process evaluation—a component of the BOND evaluation, described in Chapter Seven—will evaluate how well the demonstration’s administrative processes actually worked, and it will identify potential improvements that could be implemented under a national benefit offset program.

## Chapter Seven. Evaluation

The goal of the BOND evaluation is to produce information that policymakers, administrators, and others can use to improve SSDI work incentives and counseling services. Specific objectives are to:

- Estimate the impacts of the SSDI benefit offset, as implemented in the demonstration, on key beneficiary outcomes: earnings, benefits received, exits from SSDI, household disposable income, and other indicators of personal wellbeing;
- Estimate the incremental impacts of providing enhanced work incentives counseling services, as implemented in the demonstration, along with the offset;
- Assess the costs and benefits of national implementation of an SSDI benefit offset, as implemented in the demonstration, from the perspectives of: the SSDI Trust Fund, beneficiaries, the federal budget, state budgets, and society as a whole;
- Identify how impacts vary with characteristics of beneficiaries and their environments, as well as aspects of the interventions and their implementation that help explain variation in impacts;
- Identify and assess ways to improve the design and implementation of the benefit offset and EWIC services; and
- Project the impacts of national implementation of variants the BOND benefit offset on key national outcomes, including earnings, federal and state program expenditures, and federal and state tax revenues.

These questions will be addressed by the evaluation's four major components:

- An **impact** evaluation will measure the effects of the BOND interventions on beneficiary outcomes by comparing outcomes for those in the various BOND treatment groups to the outcomes of those in the appropriate control group. The evaluation will produce estimates of the impacts of offering the benefit offset, as implemented in the demonstration, as well as estimates of any additional impacts when EWIC is added to the benefit offset. The key outcomes to be examined in the impact analysis are employment, earnings, and benefits. The impact evaluation will also look at a broader range of outcomes, including health status, functioning level for activities of daily living, taxes paid, and benefits from other programs. To the extent feasible, the findings from the impact evaluation will be used to project outcomes of national implementation of variants of the BOND benefit offset, via the Benefit Offset Simulation Model (BOSIM) being developed by the BOND evaluation team.
- A **participation** evaluation will examine the extent to which beneficiaries actively engage in the offered innovations, and how their participation experience compares to the experience intended. The key outcomes are the extent to which subjects actually use the offset and counseling services when offered, measures of how well the benefit adjustment process functions (e.g., the timeliness and accuracy of earnings reports and benefit adjustments, differences between estimated and actual annual earnings and offsetting expenses, the extent to which beneficiaries report changes in estimated annual earnings and offsetting expenses, and the frequency and size of underpayments and overpayments), ease of access to counseling services, and perceived usefulness of counseling

services. The participation evaluation will also examine the extent to which beneficiaries work, enroll for employment services, and complete the TWP.

- A qualitative **process** evaluation will examine all aspects of project implementation and operations to assist SSA in understanding and interpreting project results, planning for potential implementation of BOND features in the regular SSDI program, and identifying ways that the interventions and their implementation might be modified to improve program outcomes.
- A **benefit-cost** study will measure and compare the costs and benefits of various demonstration treatments, relative to each other and to the current program, from multiple perspectives including SSA, beneficiaries, taxpayers, and society as a whole.

The chapter summarizes the data that will be available to support the four components of the evaluation and then describes each evaluation component. It concludes with a discussion of how the findings from the evaluation will be used to develop lessons for national policy.

Detailed plans for analysis are still under development, and will be presented in the forthcoming Evaluation Analysis Plan.

## 7.1 Evaluation Data

The BOND evaluation will draw on the following data sources:

- Administrative data from SSA and other agencies, including the Centers for Medicare & Medicaid Services (CMS) and the Rehabilitation Services Administration (RSA);
- Survey data from Stage 1 and Stage 2; and
- BOND Operations Data System (BODS) data, which includes data from random assignment, outreach, recruitment, intake, earnings data collection, and data exchange between BOND operational components and SSA.

**Exhibit 7-1** summarizes evaluation variables from the administrative, survey and BODS data sources.

### Administrative Data

SSA program administrative records from the Ticket Research File (TRF) will be used to examine the characteristics and SSA program outcomes of all BOND subjects. The TRF, originally constructed to support the research needs of the Ticket to Work evaluation, is a longitudinal database that currently includes records for all SSDI and SSI beneficiaries age 10 or older who have received an SSDI or SSI disability benefit in any month since January 1996, a group totaling more than 20 million individuals. The TRF blends data from the SSDI and SSI programs over many years into a single record for each individual. The TRF includes information on beneficiary characteristics, such as age, gender, race/ethnicity, state of residence, and impairment type, and on program outcomes such as benefit payments, program status indicators (e.g., TWP eligibility), and Ticket assignment.

The evaluation will also draw on earnings information from SSA's Master Earnings File (MEF), which contains longitudinal information on the annual earnings of SSDI beneficiaries. The MEF will provide data on the full

sample of all BOND subjects and will be the primary source of information to estimate annual employment and earnings impacts. The BOND team will work with SSA staff to obtain impact measures from the file.<sup>62</sup>

Finally, the team will incorporate administrative data from other administrative sources on SVRA services and Medicare and Medicaid participation. The lags in obtaining these data will be substantially longer than the lags in the SSA data described above. The implication is that information on SVRA services, Medicare, and Medicaid outcomes will only be reported in later evaluation reports as the data become available. SVRA records on individual clients, as transmitted to RSA, will provide information about people who apply for or receive SVRA services. A more than two year lag is expected in using these data.<sup>63</sup> The CMS maintain databases on the use of Medicare and Medicaid services, though both data sources are also only available after a significant time lag (over two years for Medicaid data) because of the time it takes to update claims information.<sup>64</sup>

### Stage 1 and Stage 2 Surveys

The Stage 1 and 2 surveys will be a source of information for several key variables that cannot be measured in administrative data (e.g., details about employment and other current work-related activities, other program benefits, health and functioning, and understanding of and attitudes towards SSDI work incentives). The Stage 1 survey will provide follow-up information on selected T1 and C1 subjects. For Stage 2, a series of three surveys will supply baseline information and follow-up information for the T21, T22, and C2 samples.

The content of the Stage 1 and 2 surveys will vary, though all surveys will include similar designs that are intended to encourage full participation by all subjects.<sup>65</sup> An 80 percent or higher response rate is expected for all the follow-up surveys described below, with 100 percent assured for the Stage 2 baseline survey.

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<sup>62</sup> While SSA staff have direct access to MEF data, contractors do not because the data are collected by the Internal Revenue Service (IRS) and are therefore subject to IRS access rules. Consequently, SSA staff will access the data, submit programs developed by the BOND team to measure impacts, review output in collaboration with SSA researchers to ensure that it complies with privacy requirements, and then summarize the findings for the BOND team.

<sup>63</sup> RSA records on VR participation only become available after a case is closed, and case closure may not occur until several years after service enrollment. For example, GAO found that individuals who receive services spend on average two to three years receiving services, and many are involved for longer; about 90 percent of individuals who begin SVRA services finish services within five years (GAO 2007).

<sup>64</sup> Medicare utilization and claims data are rolled up from various carriers and fiscal intermediaries and, by June of each year, 99 percent of the annual claims for the prior year are compiled. Thus, for instance, data from calendar year 2010 are likely to be essentially complete and available no later than July of 2011. The Medicaid data also include eligibility, enrollment, and claims information, though there is a longer analytic lag of more than two years because these data are only updated after all state Medicaid agencies submit their files to CMS.

<sup>65</sup> The interviews will have built in “breaks” for respondents with stamina problems and structured probes for those with cognitive disabilities. A series of straightforward questions at the beginning of the interview (e.g., do you now work, go to school) will determine if the sample member can respond for him or herself or if a proxy respondent is needed. Computer assisted technology will allow interviewers to toggle between proxy and sample member language as necessary. Questions that ask for sample member’s opinions will not be asked of proxy respondents.

**Exhibit 7-1. Summary of Evaluation Variables from BOND Administrative, Survey, and Operations Databases**

Variable	Administrative			Survey				Operations
	SSA Program	SSA Earnings	Other Data	Stage 136 Mos	Stage 2 Baseline	Stage 2 12Mos	Stage 2 36Mos	BODS
<b>Baseline Characteristics</b>								
Personal characteristics (age, race/gender)	●		●	●	●			●
Diagnosis, impairment status	●							●
Historical earnings		●						
Employment and current activities (e.g., training)					●			
<b>Services</b>								
Use of BOND incentives						●		●
Use of EWIC services						●		●
<b>Outcomes</b>								
DI eligibility, SSI eligibility, benefit amounts, program exits	●							
Use of SSA work incentives (Ticket, IRWE, TWP).	●							
Detailed employment (e.g., hours worked) and current activities (e.g., training) following random assignment				●		●	●	●
Annual earnings		●		●			●	
Other program benefits (e.g., Food Stamps)				●			●	
Health and Functioning				●		●	●	
Understanding of and attitudes towards SSDI work incentives							●	
Satisfaction with Stage 2 services						●		

For Stage 1, a single follow-up survey of T1 and C1 subjects is planned three years following random assignment.<sup>66</sup> A sample of 10,000 beneficiaries assigned to the Stage 1 treatment and control groups will be selected for the Stage 1 36-month survey (5,000 from T1 and 5,000 from C1). For this data collection, the BOND team will over-sample beneficiaries predicted as likely to be employed.<sup>67</sup> The survey will collect measures of health and functioning, use of benefits counseling and employment supports, hours worked, job characteristics, barriers to employment, non-work activities, non-SSA benefits, household income, and demographic characteristics that are not well measured in the administrative data (e.g., education).

For Stage 2, the team will administer a baseline survey just prior to random assignment and follow-up surveys 12 and 36 months later. Stage 2 interviews will be attempted with all 12,600 volunteers who are randomly assigned to any of the three Stage 2 cells. The baseline survey in Stage 2 will be collected as part of the enrollment process for volunteers before they are randomized into the demonstration. Most interviews will be conducted in person at the local BOND site office using computer assisted technology. If the subject cannot easily come to the site office, the interview will be conducted in the subject's home or at another location that is more convenient for the beneficiary. Since all volunteers will be interviewed before randomization, a 100 percent response rate for the experimental sample is guaranteed. The baseline survey will collect information on demographic variables and other background characteristics needed to profile the sample, establish baseline equivalence of treatment and control groups, and form policy-relevant subgroups for separate analysis.

The 12-month follow-up survey in Stage 2 will track the short-term use of counseling services and will provide information on whether significant differences exist early on in key outcomes across the T21, T22 and C2 subject groups.<sup>68</sup> The questionnaire content is similar to the Stage 1 follow-up survey, but the 12-month follow-up survey will focus on shorter-term outcomes. The 12-month survey will collect information to measure service utilization for all three groups, including use of and satisfaction with counseling services.

Similar to Stage 1, the 36-month follow-up survey in Stage 2 will be used to track long-term outcomes not observed in administrative data for the impact and benefit-cost analyses.<sup>69</sup>

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<sup>66</sup> The effort to interview each sample member will begin 35.5 months after the subject was first assigned to T1 or C1, when a letter will be sent to inform the subject of the interview. The objective will be to complete the interview in the 36<sup>th</sup> month after assignment, and no later than the 39<sup>th</sup> month.

<sup>67</sup> A predictive model of employment will be developed using pre-demonstration data. The model will identify background characteristics of beneficiaries (from among characteristics measured in SSA administrative data) that associate most strongly with later employment (as measured by annual earnings records at SSA). This model will then be applied to the corresponding background characteristics of demonstration sample members to identify the "most likely to work" portion of the potential survey sample, which will then be oversampled.

<sup>68</sup> The 12 month sample will be interviewed using a mixed- mode approach, phone with field follow-up (CATI/CAPI) for those not interviewed by phone. The objective is to complete the interview by the 12<sup>th</sup> month after random assignment, but no later than the 15<sup>th</sup> month.

<sup>69</sup> The interview will be conducted via CATI/CAPI and the cases will be released monthly, beginning 35.5 months after random assignment, with the objective of completing all interviews by the 36<sup>th</sup> month after random assignment, but no later than the 39<sup>th</sup> month.

### BOND Operations Data System (BODS)

BODS will be used to support and track delivery of demonstration services to all BOND subjects. BODS will support the following activities:

- **Random Assignment:** BODS will include data from SSA administrative extracts on prospective BOND subjects. The implementation team will use these data to randomly assign cases in Stage 1 and—for those who volunteer—Stage 2.
- **Site Outreach and Recruitment:** BOND site offices will use BODS to track contacts with eligible beneficiaries about BOND, including outreach to Stage 1 treatment subjects and outreach and recruitment for those in the Stage 2 solicitation pool.
- **Earnings Reporting:** The BOND team will use BODS to collect earnings information from BOND beneficiaries and transmit it to SSA to support adjudication of TWP completion, SGA determinations, and benefit adjustments.
- **Enhanced Work Incentives Counseling:** All counselors providing EWIC services to demonstration subjects will use BODS to record their contacts with beneficiaries and services delivered.
- **Work Incentives Counseling:** Counselors providing WIC who operate in WIPA programs will use regular WIPA data collection procedures to track their contact with BOND subjects. WIC counselors who do not operate in WIPA programs will track their contacts with beneficiaries in BODS.
- **Support Call Center:** The call center will record in BODS information on its interactions with beneficiaries.
- **Support Data Collection:** The BOND team will use BODS to obtain contact information to support survey data collection activities and to conduct matches to other administrative data systems.

For the evaluation, the BOND team will use BODS to collect information on the services used by treatment subjects during Stages 1 and 2. These data will be used to summarize the characteristics of participants who used services and the intensity of service use, which will be particularly important for the participation analyses. The BOND team will also draw on these data to provide contextual information that will be useful in the process analysis and in developing cost estimates for the benefit-cost analyses.

### Summary

The SSA administrative program and earnings records will be the primary source of demographic, program and earnings information for most reports. Other administrative data from RSA and CMS will provide information on participation in the state VR, Medicare, and Medicaid programs. The survey data will provide information not included in the administrative records on study subject characteristics (e.g., education) and outcomes including understanding of benefit rules, health and functioning, and detailed employment measures (e.g., hours worked). Finally, BODS will provide information on the types of services used by treatment subjects.

All data will be protected to meet SSA data security requirements. SSA requires that any data containing personally identifiable information (PII) must be securely protected and stored according to government

security regulations, and the SSA Information System Security Handbook.<sup>70</sup> The security elements built into the BODS architecture protect against unauthorized access to data or inappropriate use of data by authorized users.

## 7.2 Impact Analysis

Measuring the net impact of the demonstration interventions on beneficiaries is central to the BOND evaluation. This will be accomplished by contrasting the outcomes of the different random assignment groups shown in **Exhibit 7-2**. Because of random assignment, any statistically significant difference in average outcomes between treatment and control groups constitutes evidence of an intervention impact. More statistically precise impact estimates can be obtained from regression models that control for variations among sample members in baseline characteristics and/or benefit and earnings histories.<sup>71</sup>

### Comparisons of Different Samples

The first impact comparison takes place at Stage 1, contrasting treatment group (T1) subjects offered the opportunity to use the \$1 for \$2 benefit offset with control group (C1) subjects who continue under current law. This comparison will provide estimates of impacts when the offset is offered to all SSDI beneficiaries, apart from the very youngest and very oldest.

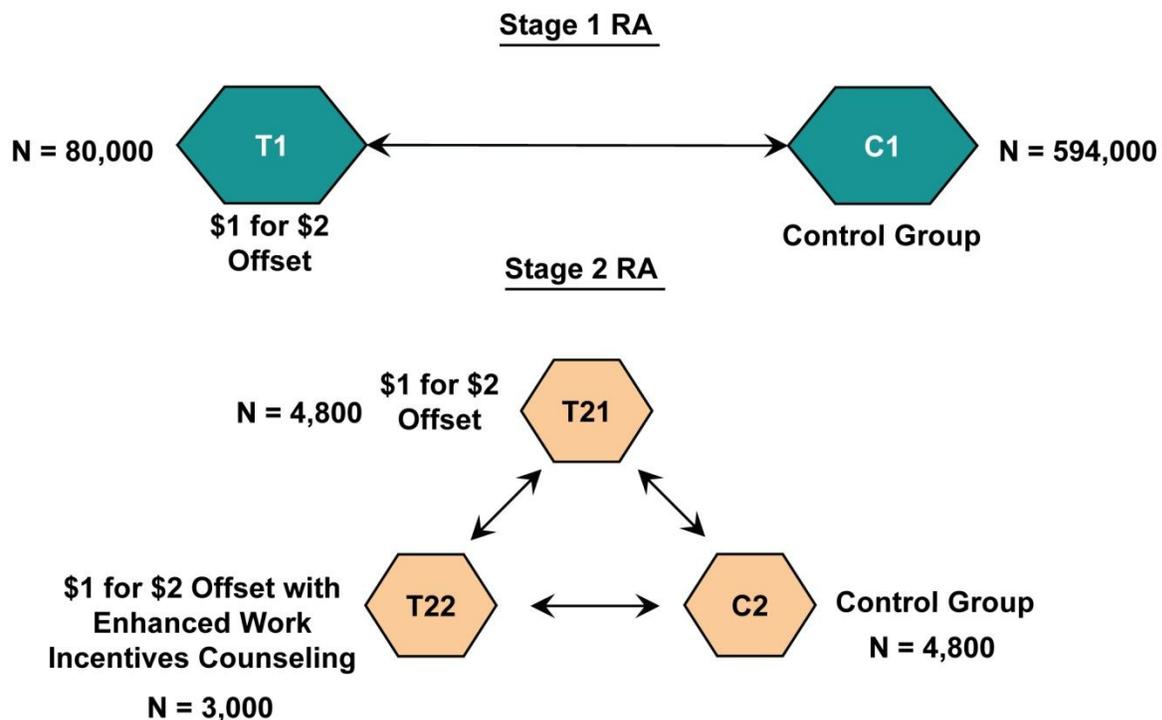
The Stage 2 groups include the offset-only group (T21), the offset-EWIC group (T22) and the Stage 2 control group (C2). Pair wise comparisons of outcomes for beneficiaries in these groups will provide estimates of the impact of the offset compared to current law (T21 vs. C2); the impact of the offset plus EWIC, again compared to current law (T22 vs. C2); and the marginal impact of EWIC once the offset is already available to both groups (T22 vs. T21).<sup>72</sup>

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<sup>70</sup> BODS is a “Moderate” impact system under National Institute of Standards and Technologies (NIST) guidance. BODS will implement applicable controls of a “Moderate” impact system as outlined in [NIST Special Publication 800-53 Revision 3](http://csrc.nist.gov/publications/nistpubs/800-53-Rev2/sp800-53-rev2-final.pdf), *Recommended Security Controls for Federal Information Systems*, <http://csrc.nist.gov/publications/nistpubs/800-53-Rev2/sp800-53-rev2-final.pdf>. Protecting the system, and the data within it, from malicious attacks generated from outside the system and project, are addressed in a separate security plan.

<sup>71</sup> Statistical topics concerning the impact analysis—such as the use of (1) regression analysis to control for baseline characteristics and thereby improve the precision of the impact estimates, (2) hierarchical linear models to account for data at the site and beneficiary levels, and (3) adjustments for the large number of impact tests conducted, given the likelihood that some impact estimates will turn up as statistically significant by chance alone even where there is no true demonstration impact—will be addressed in the forthcoming Evaluation Analysis Plan. The added details provided there will also describe plans for producing impact estimates for subgroups, such as short-term beneficiaries and those with and without access to MBI.

<sup>72</sup> Outcomes for C2 are expected to be different from those for SSDI-only beneficiaries in C1 for multiple reasons. The most important of these is that C2 consists of volunteers only. In addition: (1) the C2 group will have obtained information about the offset through a solicitation process that includes substantial interpersonal interaction with BOND staff, whereas C1 subjects will receive initial information via mail and must follow-up on their own to obtain additional information; and (2) centralized work CDR cadre will apply to C2 subjects, but not C1 subjects.

**Exhibit 7-2. Comparisons for the Impact Evaluation**

**Exhibit 7-3** shows illustrative minimum detectable effects (MDEs) under this design. For the national beneficiary population represented by the sample, each MDE is the smallest true impact that the study will be able to detect with 80 percent probability when the test for the hypothesis of “no impact” has just a 5 percent chance of finding an impact if the true impact is zero.<sup>73</sup> Larger impacts will be detectable with a higher probability, and smaller ones with a lower probability. We show MDEs for two of the outcomes that are central to the demonstration’s objectives—annual earnings and annual SSDI benefits—given the planned allocation of the sample.<sup>74</sup>

**Stage 1 MDEs**

The top panel of the exhibit addresses Stage 1 and its comparison of the T1 and C1 samples, the former getting the \$1 for \$2 benefit offset and the latter continuing under current law. MDEs are shown for both all beneficiaries and those who have been on the rolls for less than three years when first offered the offset (“short-duration” beneficiaries). As discussed in Chapter Four, short-duration beneficiaries will constitute half of the T1 sample. Although they will constitute less than half of the C1 sample, the number in the C1 sample will be larger than the number in the T1 sample. This will provide adequately precise impact estimates for short-duration beneficiaries, in order to project the impacts of a national program in the long term when all beneficiaries would likely be offered the offset shortly after they enter SSDI.

<sup>73</sup> The population represented is all those on the rolls at the time the sample is drawn who meet the BOND eligibility criteria apart from the requirement that they reside in a BOND site area. The MDEs are based on a two-tailed test, because the hypothesized impacts on benefits and earnings both have ambiguous signs.

<sup>74</sup> The calculation of MDEs will be detailed in the forthcoming Evaluation Analysis Plan.

As can be seen in the first row of the exhibit, for the sample of 80,000 eligible beneficiaries who will receive the \$1 for \$2 benefit offset at Stage 1, we will be able to detect impacts on annual earnings as small as \$339. Based on current beneficiary earnings levels, this effect would be about 13 percent of the control group mean earnings. The MDE for impacts on annual SSDI benefits for Stage 1 beneficiaries is \$94, or less than 1 percent of the control mean. The greater precision for impacts on benefits reflects the fact that the variance of benefits, controlling for baseline characteristics, is much lower than the corresponding variance of earnings, and its mean is higher.

**Exhibit 7-3. Minimum Detectable Effects**

Treatment Group		Control Group		
Subgroup	Size	Size	MDE for Annual:	
			Earnings	Benefits
<b>\$1 for \$2 Offset at Stage 1 (T1)</b>		<b>Stage 1 Control Group (C1)</b>		
All beneficiaries	80,000	594,000	\$339	\$94
Short-duration beneficiaries	40,000	112,000	\$314	\$83
<b>\$1 for \$2 Offset at Stage 2 with Administrative Enhancements (T21)</b>		<b>Stage 2 Control Group with Administrative Enhancements (C2)</b>		
All beneficiaries	4,800	4,800	\$556	\$110
Short-duration beneficiaries	2,400	2,400	\$736	\$134
<b>\$1 for \$2 Offset at Stage 2 with Administrative Enhancements and EWIC (T22)</b>		<b>Stage 2 Control Group with Administrative Enhancements (C2)</b>		
All beneficiaries	3,000	4,800	\$616	\$118
<b>\$1 for \$2 Offset at Stage 2 with Administrative Enhancements and EWIC (T22)</b>		<b>\$1 for \$2 Offset at Stage 2 with Administrative Enhancements (T21)</b>		
All beneficiaries	3,000	4,800	\$616	\$118

Note: MDE are based on 80 percent power with a 5 percent significance level in a two-tailed test for statistically significant impacts. Calculations reflect a finite population correction and adjustments for the design effects of site selection, proportional allocation of sample across sites, and oversampling of short-duration beneficiaries. Calculations also take into account the likely cross-site variation in demonstration impacts. The estimated within-site variance of the outcome and cross-site variance of the impacts used here are derived from Project NetWork data.

This level of precision is for all beneficiaries in the T1 group. The BOND team expects that the great majority of the T1 group will be unaffected by BOND; for the rest—those who have their earnings affected by the offset—the impact must be proportionately larger to be detected. For the subset of beneficiaries affected by the treatment (i.e., who work more), MDEs will be much larger. If, for example, 10 percent of those exposed to the offset respond by raising their earnings,<sup>75</sup> the earnings increase of this

<sup>75</sup> It is plausible that 10 percent will increase their earnings because of the offset. Historical data suggest that the percent of the control group with earnings in a typical year will be just above 10 percent, and that more than twice as many will have earnings at some point during the demonstration period, including a substantial share with earnings above the annualized value of SGA in at least one year. For instance, Livermore et al. (2009a) found that 10.3 percent of SSDI beneficiaries in the 2006 National Beneficiary Survey (NBS) were employed at the time they were interviewed, and 13.5 percent had worked in the previous calendar year. Livermore (2009b) classified 40 percent of respondents to the 2004 NBS as “work-oriented” because of work, work-related activities, or work aspirations. For this group, she found that 50 percent had earnings over a four-year period, 24 percent had earnings in all four years, and 15 percent had earnings above the annualized SGA level in at least

group must be 10 times as large as the MDEs shown here to be detectable, because—for example—a \$500 average impact for this subgroup would raise the overall treatment group average earnings by only \$50. In this example, the 10 percent experiencing earnings effects would need impacts of \$2,950 on average for the resulting effect on the entire T1 groups of \$295 to be detectable with 80 percent power. This is a large effect relative to the annualized SGA level (\$12,000 in 2010 for non-blind beneficiaries) and relative to the average earnings of control group beneficiaries who work (under \$10,000).<sup>76</sup>

MDEs for short-duration beneficiaries alone are larger than those of the Stage 1 sample as a whole, but we expect the outcomes of a larger share of these beneficiaries to be affected by the treatment. The MDEs for this group are \$314 of annual earnings and \$83 of annual benefits.

### Stage 2 MDEs

MDEs for the Stage 2 impact analyses appear in the middle and lower panels of **Exhibit 7-3**. Among the volunteers for the Stage 2 treatments, the team will have the greatest precision when estimating the impact of the \$1 for \$2 benefit offset with centralized work CDR cadre(T21) compared to current law with centralized work CDR cadre(C2); this comparison involves the two largest Stage 2 samples (4,800 members each). These samples—shown in the middle panel of the exhibit—allow one to be confident of detecting impacts of \$556 on annual earnings (21 percent of the control mean) and \$110 on annual SSDI benefits (around 1 percent of the control mean). MDEs for short-duration beneficiaries—projected to be half of the Stage 2 sample—are larger than for the Stage 2 sample as a whole: \$736 for earnings and \$134 for benefits (28 and 1 percent of the control means, respectively).

The final panel of the exhibit provides MDEs for the analysis of the impact of the offset-plus-enhanced-work-incentives-counseling intervention with centralized work CDR cadre (T22) compared to the offset-only intervention plus a centralized work CDR cadre (T21), or compared to current law with a centralized work CDR cadre (C2). Here, it will be possible to detect with confidence impacts of \$616 on annual earnings, or about 23 percent of the control mean. As for the other contrasts, the team will have much better precision for estimating impacts on SSDI benefits—one can be confident of detecting impacts of \$118 on annual benefits, or about 1 percent of the control mean. For short-duration beneficiaries, the BOND team expects to be able to detect impacts as small as \$825 in annual earnings and \$146 in annual benefits.

The Stage 2 MDEs substantially exceed their Stage 1 counterparts. Stage 2 impacts are expected to be larger as well, since everyone in the T21 and T22 treatment groups will have volunteered for a chance to receive the offset and/or EWIC. Presumably, large shares of such individuals will choose to use the offset and/or EWIC when assigned to the treatment groups, making any impacts on earnings and benefits that

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one year. These statistics imply that 20 percent of all SSDI beneficiaries had earnings in at least one of the four years, 9.6 percent had earnings in all four years, and 6.0 percent had earnings above SGA in at least one year.

<sup>76</sup> The expectation that control group members who work will earn less than \$10,000 per year is based on the 2006 NBS and the BOPD findings. Livermore et al. (2009a) report that SSDI beneficiaries who were working when interviewed for the 2006 NBS earned an average of \$625 during the survey month, which would imply average annual earnings of \$8,100 if the same beneficiaries work in all 12 months, and less if otherwise. Average annual earnings for BOPD control subjects with earnings were a little less than \$10,000 in the year after random assignment and a little more in the second year (Weathers, Hemmeter and Wiseman, 2010).

occur much more widespread in the Stage 2 treatment groups than in the Stage 1 treatment group—and hence making the expected *average* impact much larger at Stage 2 than Stage 1.

### Projections of Impacts under a National Program

The impact estimates provided by treatment and control group comparisons will apply directly only to those beneficiaries who were on the rolls during the demonstration period and thus in the research sample. SSA plans to use results of BOND to produce projections of the impacts for future beneficiaries, under a national program. There are several reasons that the impact findings from the demonstration samples will need to be adjusted to reflect future circumstances:

- A future program would apply to beneficiaries on the rolls in the future, a group likely to be larger in number and different in characteristics than the 2011 caseload studied in the demonstration.
- As time passes more and more beneficiaries would be eligible to use the national program immediately upon SSDI entry, unlike the many demonstration treatment subjects who will only receive the chance to use the offset after many years on the rolls.
- Congress might choose to introduce a benefit offset that differs from the one used in the demonstration, or might simultaneously make changes to other work incentives. For instance: the time limit on eligibility for use of the offset might differ from the demonstration’s time limit; a future offset might be applied to both SSDI and SSI, perhaps starting at an earnings level that is substantially higher than the current law SSI disregard, but perhaps below SGA; or the TWP and grace period might be eliminated so that beneficiaries would enter the offset as soon as they engage in SGA.

To support SSA’s efforts to produce projections for a change in the design of SSDI that is similar to the design tested in BOND, data from the evaluation will be used to improve an existing micro-simulation model, called the Benefit Offset Simulation Model (BOSIM). SSA initially developed BOSIM to support the design work for BOND. The existing model projects five-year outcomes (primarily earnings, benefits, tax revenues and after-tax household income) for existing beneficiaries under variants of the benefit offset design to be tested in BOND, and compares those outcomes to projections for the same beneficiaries under current law. The evidence-base for the existing model is very limited, however, and outcomes that materialize under BOND might be quite different than what the current model would project.

The findings from the BOND participation and impact evaluation will provide the evidence base for a more robust version of BOSIM—one that can accurately project key outcomes if the benefit offset implemented under BOND were implemented nationally at some date. A new version of BOSIM will also be designed to make projections for beneficiaries who enter the rolls after the simulated policies are already in place, and to assess how modest changes in the design for the benefit offset might affect key outcomes.<sup>77</sup>

## 7.3 Participation Analysis

The BOND demonstration’s participation analysis will address research questions across two broad areas:

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<sup>77</sup> A memorandum that describes the current version of BOSIM and discusses its strengths and limitations will soon be available on the BOND public website. A design for enhancements to BOSIM is currently being developed, and will be available in a future report.

1. Recruitment: To what extent do beneficiaries recruited for Stage 2 volunteer and what characteristics distinguish volunteers from non-volunteers?
2. Engagement in work and use of demonstration services: To what extent do subjects in each treatment group work or use employment and benefits counseling services? Who works, uses counseling services and other work incentives, and eventually uses the offset? How did the demonstration affect the delivery of work incentive and related services in Stages 1 and 2? What characteristics distinguish offset users from others? How does work and use of work incentives vary across program groups? How does work and use of work incentives change with time?

Findings from this analysis are expected to inform interpretation of the impact analysis, support policymaker and administrator decisions concerning the targeting of, and outreach for, a national program, and provide basic knowledge about beneficiary behavior.

We outline the analyses planned for those assigned to T1 and C1 first, and then describe how that analysis will be augmented for those assigned to the Stage 2 solicitation pool. A more complete plan for the participation analysis will be presented in the Evaluation Analysis Plan.

### Participation Analysis for Stage 1

For Stage 1, the participation analysis will begin with analysis of the extent to which T1 and C1 have already taken steps that prepare them for use of the offset—the short- and intermediate-term outcomes in the logic model. These include use of TWP and grace period (GP) months, SSA-funded employment services, counseling services under the WIPA program, IRWE, and, for concurrent beneficiaries, the SSI \$1 for \$2 benefit offset under Section 1619(a) and (b). The expectation is that a considerable minority of subjects in both groups will have taken at least some of these steps. The analysts will test to verify that there are not systematic differences between the two groups with respect to these outcomes prior to random assignment.

The analysis will then examine the extent to which these subjects use these work incentives after random assignment. Subjects in both groups are expected to use these work incentives after random assignment, but it is expected that T1 subjects will start to use them more than C1 subjects so they can take advantage of the opportunity to use the benefit offset.

The participation analysis will then examine the use of demonstration services by T1 subjects, with a particular focus on the SSDI benefit offset—a long-term outcome. The team will consider: the extent to which these subjects demonstrate an interest in use of the offset through their contacts with the demonstration site offices and call center and WIC and EWIC (e.g., to obtain assistance with earnings reporting); whether their benefits are ever reduced under the offset; and how long their benefits are reduced. The team will also analyze the extent to which those who use the offset comply with requirements for reporting their earnings and IRWE.

Each of these analyses will produce statistics describing those who participate in certain demonstration or program components, contrasted with the same measures for those who do not participate. The characteristics reported will include age, sex, race, education, language preference, impairment type, urban/suburban/rural residence, prior year earnings, demonstration site, number of months on the rolls, SSDI and SSI benefit amounts, SSDI auxiliary benefit amounts, prior enrollment for services, existing TWP status, and suspense status due to work. We will also use multivariate methods (e.g., logistic

regression) to jointly analyze the relationship between participation in a given demonstration or program component and each baseline variable, holding other variables constant.

For those T1 beneficiaries that actually use the benefit offset, the team will analyze operational measures, such as those indicated below, to assess how their experience using the offset matches the intended experience:

- The timeliness with which beneficiaries submit earnings data and estimates to the demonstration,
- The timeliness and accuracy of adjudications based on those data, the frequency of mid-year adjustments to earnings estimates,
- The frequency and size of overpayments and underpayments at end-of-year reconciliation,
- The number of appeals,
- Duration to resolution of overpayment appeals, and
- The nature of the resolution.

To provide a benchmark against which to assess the performance of the benefit adjustment process for the T1 group, the research team will also examine similar operational measures for C1 beneficiaries as they complete their TWP and enter the EPE. Based on SSA administrative records, the analysis will examine the timeliness with which earnings data become available to SSA (from the beneficiary, the IRS, or other sources), the timeliness and accuracy of adjudications, the frequency and size of overpayments and underpayments because of changes in earnings, appeals related to overpayment and underpayments, duration to resolution of appeals, and the nature of the resolution.

The final component of the analysis will include information on T1 subjects use the WIC services outcomes based on administrative records from BODS. This analysis will provide information on how the use of WIC services and WIC-related outcomes differ by treatment status and also by demonstration stage for common services provided to the control and treatment groups, including types of contacts, beneficiary assessments and outcome of WIC contacts.<sup>78</sup> The findings will provide insights on whether T1 treatment subjects contact their WIC more to learn about the effects of BOND on their benefit amounts relative to C1 subjects who will continue to use the WIPA (and do not have these new incentives).

## Participation Analysis for Stage 2

For Stage 2, the participation analysis will begin with analysis of the decision to volunteer. Recall that in Stage 1, 315,000 SSDI-only beneficiaries will be randomly assigned to the Stage 2 Solicitation Pool and recruited to volunteer for Stage 2 random assignment. The analysis of the decision to volunteer will seek to determine characteristics that distinguish volunteers from non-volunteers as well as some of the factors that might have discouraged beneficiaries from volunteering.

The evaluation will classify all subjects solicited for Stage 2 into four groups:

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<sup>78</sup> The information on WIC service use and outcomes will be obtained from the BOND Beneficiary Tracking System (BTS), which will include information collected by the WIC service providers. The WIC service providers will follow the same Efforts To Outcomes (ETO) protocols for entering information that WIPA agencies now follow. Hence, information will be available for both the T1 and C1 groups.

1. *Disinterested*—those who demonstrate no interest in volunteering during the Stage 2 outreach and recruitment process;
2. *Somewhat interested*—those who demonstrate at least some interest (e.g., seek information from the demonstration) but choose to not attend an intake session;
3. *Almost volunteered*—those who attend an intake session, but ultimately decline to volunteer; and
4. *Volunteers*—those who attend an intake session and volunteer.

The BOND team will use descriptive statistics and multivariate methods to analyze differences in characteristics between these four groups. To the extent feasible, the team will also report on reasons given for declining to volunteer, obtained during contacts between the non-volunteers and the demonstration—most notably calls from a beneficiary to the site office or the Call Center; and intake interviews for the almost volunteered.

The Stage 2 participation analysis will go on to consider the extent to which the volunteers assigned to each of the three Stage 2 groups use the SSDI work incentives and, for the treatment groups, use the treatments themselves. This will include production of statistics on the percentage of beneficiaries in all three groups that use counseling services, the frequency of use, hours of service received, and the nature of services received. Data for this analysis will come from BODS and from the Stage 2 12-month survey. As with the Stage 1 analysis, the analysts will examine how use of these services varies with beneficiary characteristics, except that characteristics of subjects obtained from the baseline survey will be added to characteristics observed in administrative data. The additional characteristics will include information about health, functional limitations, household income and composition, access to transportation, and receipt of benefits from other public and private programs.

The analysis will also examine the administrative experiences of Stage 2 treatment beneficiaries who use the benefit offset and/or counseling services, and the administrative experiences of Stage 2 control beneficiaries that complete the TWP and enter the EPE. Most of this analysis will replicate analyses performed for Stage 1 treatment and control beneficiaries. Because the difference between the type of counseling that treatment group subjects are offered (WIC *versus* EWIC) is the sole difference between the treatments offered to T21 subjects and T22 subjects, the analysts will pay special attention to production of statistics on the extent to which these subjects receive counseling services and the types of services received.

The process analysis will develop a full description of the intended service experience, based on process design documents and interviews with key informants involved in the design and delivery of services. It will also produce additional information about the actual experience, collected in beneficiary focus groups and interviews with counselors and others.

## 7.4 Process Analysis

The process study will document project operations and provide insight about how to interpret and generalize other evaluation findings. Four goals will drive this evaluation component:

1. *Describe the Intervention as Implemented.* The process analysis will document the demonstration's operations and interaction with beneficiaries.

2. **Assess the Implementation.** The evaluation will examine the demonstration’s fidelity to its design and identify the key operational challenges that emerge as the different BOND interventions are implemented. It will also examine how, and how well, those challenges were addressed, and contribute to the assessment of the extent to which the service experience of beneficiaries matched the experience intended.
3. **Help Interpret Impact Results.** The process study will assess variation in environments and implementation across sites that might affect participation and impacts.
4. **Identify Lessons.** A final purpose of the process evaluation is to glean lessons for a potential national implementation of various components. In addition to synthesizing information developed under the previous three goals, process evaluators will ask actors in the demonstration about lessons learned at each stage of the process evaluation and will summarize them in cross-site analyses conducted after each round of site visits.

**Mix of Quantitative and Qualitative Data Sources**

To address the four process study goals, the process analysts will draw on a variety of qualitative and quantitative data sources (see **Exhibit 7-4**). Gathering information from multiple sources allows us to document the implementation of BOND within and across the study sites throughout the demonstration. It also allows us to identify the key features of BOND that may have encouraged treatment group participants to increase their earnings and use the benefit offset, and issues that prevented or discouraged them from doing so.

We summarize the plan for the process analysis below. More details will appear in the forthcoming Evaluation Analysis Plan.

**Exhibit 7-4. Data Sources for Key Process Study Research Topics**

Research Topics	Qualitative Data				Quantitative Data			
	Program Documents	Key Informant Interviews	Participant Focus Groups	Observation of Demonstration Activities	Baseline and Follow-up Surveys	BOND Site Operations Data	SSA Administrative Data	National, State, and Community Databases
<b>Describe the Intervention</b>								
Demonstration Site Recruitment, Planning, and Startup	●	●						
Demonstration Context	●	●	●		●		●	●
Development and Structure of Benefits Counseling Organizations	●	●						
Sample Selection, Recruitment, and Random Assignment	●	●		●	●	●		
<b>Assess the Intervention</b>								
Demonstration Activities	●	●	●	●				
Participation Patterns and Experiences		●	●		●	●	●	
Overall Implementation Assessment		●				●		
<b>Interpret Impact Results</b>								
Interpreting Impact Findings		●		●				

Research Topics	Qualitative Data				Quantitative Data			
	Program Documents	Key Informant Interviews	Participant Focus Groups	Observation of Demonstration Activities	Baseline and Follow-up Surveys	BOND Site Operations Data	SSA Administrative Data	National, State, and Community Databases
<b>Identify Lessons</b>								
Lessons learned	●	●	●	●	●	●	●	●

**In-Depth Site Visits**

Seven rounds of site visits to all 10 sites will be conducted (see **Exhibit 7-5**). The site visits will be conducted during four phases of the demonstration:

- Pre-implementation.** The pre-implementation visit, conducted prior to the implementation of the BOND pilot, will produce information on agencies and organizations serving SSDI beneficiaries prior to BOND and the types of employment services they offered.
- Initial implementation.** The initial implementation site visits, conducted five months after full scale implementation of BOND, and subsequent analysis will produce a comprehensive scan of the service area, gather detailed information about the demonstration structure and service delivery process, and document site office, recruitment, planning, and start-up activities. The site offices are expected to be fully operational at this time.
- Demonstration enrollment.** Two rounds of demonstration enrollment site visits will be conducted to collect information on how the Stage 2 recruitment is structured and the process that volunteers complete before they are enrolled in the study (i.e., receipt of information, informed consent, baseline survey, random assignment). These visits will also produce information on changes to the demonstration structure and service delivery process since the initial implementation visit. The first enrollment visit, conducted 17 months after the implementation of BOND, will include focus groups with treatment group participants. To closely monitor the demonstration enrollment, the second visit will be conducted six months later (i.e., approximately 23 months after the implementation of BOND).
- Post-enrollment.** The post-enrollment visits, held 29, 41, and 53 months after main demonstration implementation, will be used to update any changes made to the provision of WIC and EWIC and the earnings reporting component of using the offset. The BOND Site Offices will close after enrollment is completed, so the first of these visits will document the transition of remaining site office responsibilities (answering questions and facilitating the collection of earnings information) to the BOND Call Center. This information will support the assessment of how well the demonstration’s post-enrollment processes match the original design envisioned by SSA in these respects, and how well the beneficiaries’ experiences with these processes matches the intended experience. The findings will also be used to interpret the impact results and identify lessons for national implementation.

Process study respondents will vary somewhat across sites (depending on the specific service providers involved in each) and site visit rounds. The categories of respondents to be interviewed at each site include: the site director and staff (e.g., outreach and recruitment specialist, BOND specialist, and mobile BOND specialist); SSA Central, Regional, and Area Office personnel; staff and managers at work incentives counseling service providers; state and local government agency representatives that serve people with disabilities (e.g., state vocational rehabilitation agencies, other Employment Networks, One-Stop Employment Centers, and health and human service agencies that serve both treatment and control group members); managers and Community Work Incentive Coordinators at the WIPA grantees serving beneficiaries in the demonstration areas; and state and local advocates for working people with disabilities.

### Exhibit 7-5. Overview of the Site Visits

Type of Site Visit	Purpose of the Visit	Estimated Date(s) <sup>a</sup>	Focus Group Activities	Summary Documents
<b>Round 1: Pre-implementation</b>	Document and describe the service area prior to demonstration implementation	3 months before BOND implementation—during the pilot (January 2011)	None	Individual site summaries, memo describing cross-site findings
<b>Round 2: Initial implementation</b>	Document and describe the demonstration structure and service delivery process	5 months after BOND main demonstration implementation (September 2011)	None	Individual site summaries, memo describing cross-site findings
<b>Round 3: Demonstration enrollment #1</b>	Document the enrollment process, describe how the demonstration has evolved over time	17 months after BOND implementation (September 2012)	Focus groups with treatment group participants	Individual site summaries, memo describing cross-site findings
<b>Round 4: Demonstration enrollment #2</b>	Demonstration updates, document any changes to the enrollment process	23 months after BOND Implementation (March 2013)	None	Individual site summaries, memo describing cross-site findings
<b>Round 5: Post-enrollment #1</b>	Demonstration updates, assess fidelity of the treatment, begin to interpret impact results and identify lessons learned	29 months after BOND implementation (September 2013)	Focus groups with treatment group participants	Individual site summaries, memo describing cross-site findings, process study report
<b>Round 6: Post-enrollment #2</b>	Demonstration updates, assess fidelity of the treatment, interpret early impact findings, identify lessons learned	41 months after BOND implementation (September 2014)	None	Individual site summaries, memo describing cross-site findings
<b>Round 7: Post-enrollment #3</b>	Demonstration updates, assess fidelity of the treatment, interpret impact findings, identify lessons learned	53 months after BOND implementation (September 2015)	Focus groups with treatment group participants	Individual site summaries, memo describing cross-site findings, impact/process study memo

<sup>a</sup> Assumes April 2011 BOND implementation date. See Chapter Eight for further information on the BOND timetable.

The site visits will also include direct observation of demonstration processes, such as intake interviews conducted between the site office staff and Stage 2 volunteers, the process of earnings reporting and benefit adjustment, and counseling delivered by EWIC and WIC counselors. Focus groups of treatment

group subjects will be conducted at during some site visits to produce information on their perspectives on issues of work and the BOND intervention components (e.g., offset, counseling services).

## 7.5 Benefit-Cost Analysis

Benefit-cost analysis seeks to provide a full accounting of all of the consequences of an intervention from both a social and governmental point of view. For the BOND interventions, the perspectives of importance include the SSA Trust Funds (SSDI and OASI), the rest of the federal government, state and local government, SSDI beneficiaries, and all of society (the sum of all the other perspectives).

### General Approach

Ideally, conducting a benefit-cost analysis means measuring everything that is different for society—or for a particular group within society—because an intervention such as BOND takes place (relative to if the intervention had not taken place) and assigning value to those differences. Whenever possible, differences due to the intervention (i.e., impacts) are valued in dollars so that unfavorable consequences (the “costs” of an intervention) can be subtracted out of the favorable consequences (the “benefits” of the intervention) to arrive at a total that measures the intervention’s overall value to society or some sector of society, positive (if benefits exceed costs) or negative (if not).

As with the impact analysis, the benefit-cost analysis estimates *net* benefits and *net* costs—that is, benefits and costs relative to what would have occurred without the BOND interventions. Hence, each of the different treatment group comparisons from the impact analysis will have its own benefit-cost analysis: the benefit offset at Stage 1 compared to current law, the benefit offset at Stage 2 compared to current law, the benefit offset plus EWIC at Stage 2 compared to current law, and the benefit offset plus EWIC at Stage 2 compared to the benefit offset only.

### Individual Benefits and Costs

**Exhibit 7-6** provides the analytic framework for the BOND benefit-cost analyses.<sup>79</sup> The columns of the exhibit represent the different segments of society affected by a given intervention, and the rows list the different benefit and cost components hypothesized to result from that intervention. The cells of the matrix show whether a particular impact, should it occur, is expected to be a benefit (+) or a cost (-) for that sector of society, or whether it has no effect on the sector (0). The final column of the matrix, representing all of society, shows whether each item is a benefit to society (+), a cost to society (-), or a transfer between two portions of society (0) that produces no net benefit or net cost for society as a whole. A “bottom line” exists for each column which, conceptually, is the sum of all the positive benefits minus all the negative costs in that column, measured in dollars.

What counts is not the “+” or “-” possibilities shown in this matrix but the actual numeric values filled in by the evaluation. Many of the benefits and costs are effects on beneficiaries measured in the impact analysis, starting with earnings and fringe benefit increases that benefit both demonstration subjects and society. Other direct effects on beneficiaries are transfers which benefit the federal government, including lower SSDI and SSI benefits and Medicare and Medicaid payments, if the intervention is successful in

<sup>79</sup> More information on the framework—and all the analytic steps and data sources for the benefit-cost analysis—will be provided in a future evaluation plan.

moving beneficiaries off disability benefits and associated medical benefits over the long run.<sup>80</sup> Additional transfers that benefit the Trust Funds and/or other government entities take place through the tax system: increased payroll taxes as beneficiaries increase their earnings and increased income and sales taxes when they take in and then spend their resulting higher incomes.

**Exhibit 7-6. Expected Benefits and Costs of BOND, By Accounting Perspective**

Component of Analysis	Expected Direction of Impact	Beneficiaries	Federal Government		State/Local Government	Society
			SSA Trust Funds	Other		
Earnings and fringe benefits	Higher	+	0	0	0	+
SSDI and SSI benefits	Lower	-	+	0	0	0
SSDI and SSI administrative costs	Higher	0	-	0	0	-
Medicare and Medicaid payments	Lower	-	0	+	+	0
Medicare and Medicaid administrative costs	Lower	0	0	+	+	+
Payroll taxes	Higher	-	+	+	0	0
Income and sales taxes	Higher	-	0	+	+	0
UI benefits	Higher	+	0	-	-	0
UI administrative costs	Higher	0	0	-	-	-
TANF payments	Lower	-	0	+	+	0
TANF administrative costs	Lower	0	0	+	+	+
Food stamps	Lower	-	0	+	0	0
Food stamps administrative costs	Lower	0	0	+	+	+
SSA costs for administering benefits	Higher	0	-	0	0	-
SSA-funded employment supports (incl. WIC/EWIC)	Higher	+	-	0	0	-
SVRA program costs not reimbursed by SSA	Higher	0	0	-	-	-
Normal work-related expenses (e.g., child care, transportation, clothing)	Higher	-	0	0	0	-
Output from volunteer work	Lower	0	0	0	0	-
Value of improved health and enhanced self-sufficiency	Higher	+	0	0	0	+
Net Benefits (+) / Costs (-)	??	??	??	??	??	??

<sup>80</sup> As discussed in Chapter 3, these impacts could be in the opposite direction initially—i.e., the benefit offset could cause SSDI and Medicare benefits to be higher for a time as beneficiaries in the treatment group remain on the SSDI rolls while using the offset who otherwise would have had their benefits cease due to earnings above SGA.

Some of the costs in the matrix constitute outlays by SSA. For example, SSA-funded employment supports (including the costs of WIC and EWIC) will go to both intervention and control group members, with the higher level of these inputs expected for intervention groups constituting a Trust Fund and social cost. SVRA program costs accrue to both state and federal governments. Society loses if beneficiaries reduce the amount of volunteer time they spend in order to spend more time in paid employment. Employment may add expenses to beneficiaries' budgets (e.g., transportation) that constitute social costs as well.

### Net Benefit Calculations

Once the cells of the matrix are filled in for a given comparison (e.g., the BOND offset at Stage 2 versus current law), the benefit-cost analysis will add the dollar-denominated measures from the matrix one column at a time to get to a "bottom line" finding of net benefits to that sector of society (or all of society). Impacts that cannot be measured in—or converted to—dollars will be displayed below the matrix so policy makers can judge the extent to which these effects add to or offset the net dollar impacts reported from the matrix. Such measures include potentially improved emotional well-being of participants, changes in health status, and the value of leisure time lost to added work effort.

An extension of the benefit-cost analysis will extrapolate its findings 10 years beyond the end of the observed data, for a total analysis period of 15 years. We will draw from the BOSIM analysis methodology to formulate these projections, using the same social discount rate that SSA actuaries use in Trust Fund projections to translate future benefits and costs into present-value equivalents. All assumptions used in the long-range benefit-cost computations will be examined in a sensitivity analysis to see how robust the policy findings on net social benefits and Trust Fund costs are to alternative values of crucial parameters, such as the decay rate of any measured impacts or the assumed social discount rate.

## 7.6 Drawing Lessons for Improvements under a National Program

The BOND team will draw on findings from all evaluation components to identify options for improving the benefit offset's design and administration and potentially increasing its impact under a national program. Although the impacts of the benefit offset during the demonstration are expected to be substantial, it is likely that the evaluation will identify ways to improve the impacts.

The team will structure the analysis of potential intervention improvements around the BOND logic model (see [Exhibit 2-3](#)). The first part of the analysis will focus on potential personal, environmental, and programmatic "points of friction," such as those listed in [Exhibit 7-7](#). Each of these points represent potential reasons why some beneficiaries do not work, do not increase their earnings more, or do not have their benefits reduced more. The analysis will pull together evidence of the prevalence of these potential barriers to work and benefit reductions from the impact, participation, and process analyses.

For this assessment, a number of hypotheses could emerge about beneficiary, programmatic, or environmental difficulties that might be addressed to produce larger impacts from a future benefit offset. Such points of friction can occur at many points in the logic model. For instance:

1. Lack of information, inaccurate information, distrust, or the effect of earnings increases on other benefits deters Stage 1 treatment subjects from using the offset or deters solicited beneficiaries from volunteering for Stage 2.

2. Problems in timely assessment of TWP completion discourage TWP completion and slow engagement in SGA after TWP completion.
3. Problems in the reporting and processing of earnings and IRWE estimates, adjustment of benefits, and end-of-year reconciliation deter beneficiaries from using the offset.
4. The effect of earnings increases on other public and private benefits or taxes discourages use of the offset.
5. Features of the local environment, such as lack of accessible transportation or limited availability of employment services, limit earnings and use of the offset.
6. The local labor market provides inadequate opportunities for those who pursue use of the offset to increase their earnings.

**Exhibit 7-7. Potential Points of Friction**

Personal
<ul style="list-style-type: none"> <li>• Limited skills</li> <li>• Health status</li> <li>• Chronic conditions and their severity</li> <li>• Number, type and severity of functional and activity limitations</li> <li>• Competing demands on time (e.g., for self care, child care, household, volunteer, or other work that does not generate reported earnings)</li> <li>• Size of household income</li> </ul>
Environmental
<ul style="list-style-type: none"> <li>• Tax rules and their implications for net impact of higher earnings on household disposable income under the benefit offset</li> <li>• Effects of work and higher earnings on other income and benefits (e.g., auxiliary benefits, private disability insurance, workers' compensation, veterans' benefits, SSI, subsidized housing, food stamps, transportation assistance)</li> <li>• The nature and strength of the labor market</li> <li>• Limited access to transportation</li> <li>• Limited access to physical and mental health services</li> <li>• Limited availability of accommodations or assistive technologies</li> <li>• Health care insurance (e.g., eligibility for Medicaid under the Buy-in or in another category; eligibility for Medicare; coverage limitations)</li> <li>• Limitations on access to appropriate employment services</li> </ul>
Programmatic
<ul style="list-style-type: none"> <li>• Ineffective outreach</li> <li>• Poor access to work incentive counseling, or ineffective counseling</li> <li>• Problems using Ticket related to participation in BOND</li> <li>• Difficulties reporting earnings</li> <li>• Problems with work CDRs and benefit adjustments (delayed determinations, overpayments or underpayments)</li> </ul>

Every such scenario put forth will be backed by descriptive and correlational information from the evaluation, but not with any confirmatory proof (the analysis will not be aided by the rigorous random assignment design of the main impact evaluation). We will present the findings with appropriate caveats as to the strength of the evidence for each integrative finding. Even with these caveats, we believe SSA can gain from the exploration of potential future policy issues in this way.

In addition to the analysis of potential points of friction, we will use the microsimulation model, BOSIM, to gain insight into how small changes in benefit design might affect impacts under a national program.

## 7.7 Summary

The BOND evaluation will be comprehensive, multifaceted, and rigorous. It will rely heavily, but not exclusively on the randomized design of the demonstration and the fact that the sites and beneficiaries were selected in a manner that ensures they are nationally representative. The evaluation will draw on data from the BODS, SSA administrative records, a series of surveys of BOND subjects, and qualitative information collected in structured site visits. These data will be used to complete each of the four major components of the evaluation: impact, participation, process, and benefit-cost. The ultimate goal is to produce a wide array of information that policymakers, administrators and others can use to improve SSDI.

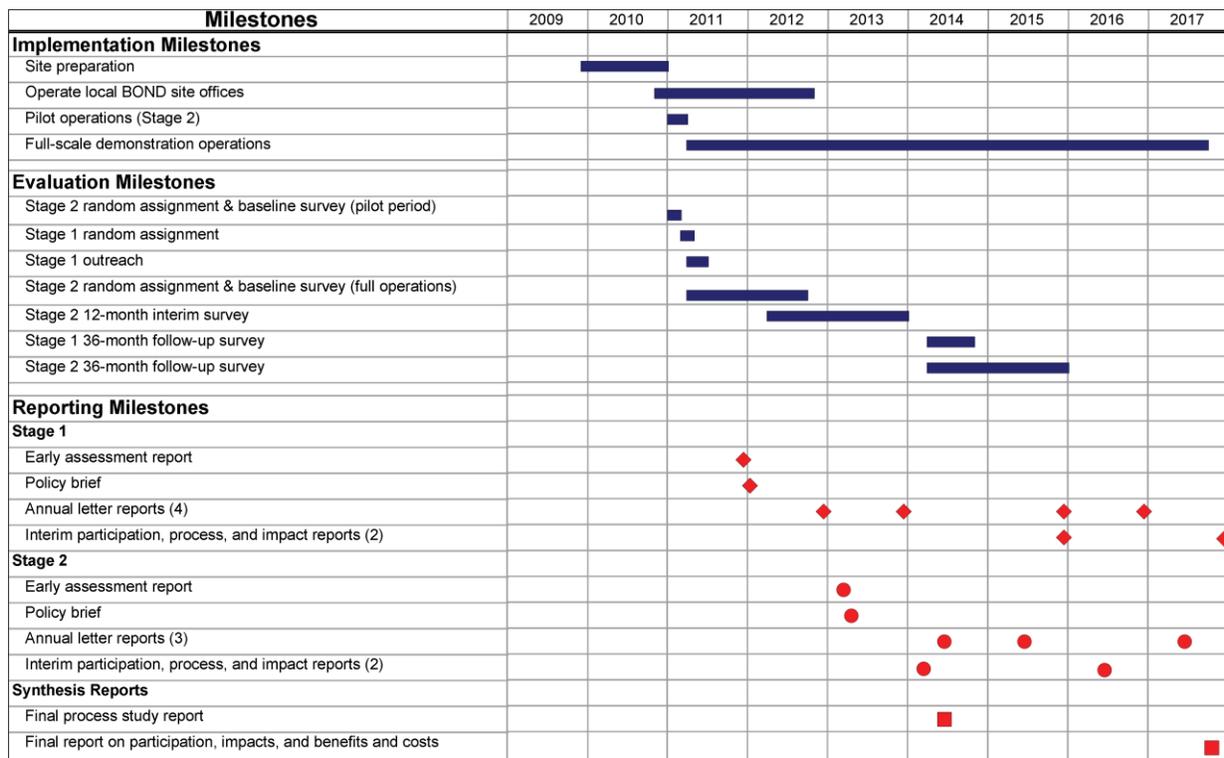
Many evaluation reports will be produced over the course of the demonstration and immediately afterward. The planned evaluation reports and their expected completion dates appear in the timeline for the demonstration, presented in the next chapter.

## Chapter Eight. The BOND Timeline

This chapter describes the timeline for the demonstration, including implementation planning, the Stage 2 pilot, participant enrollment, and data collection and reporting associated with the evaluation. BOND will be a long demonstration, and the implementation and evaluation contract will continue for nine years. This timeframe is necessary to ensure that the evaluation captures the long-term effects of the interventions and provides sufficient time to collect the administrative and survey data necessary to evaluate impacts. Although achieving the demonstration’s goals will require many years, the demonstration’s evaluation component includes several interim reports (and letter reports) to support continuous learning about BOND’s implementation and impact throughout the demonstration period.

**Exhibit 8-1** displays the overall timeline for implementation and evaluation activities, which will run from December 2009 through October 2017.<sup>81</sup> Site preparation activities began immediately upon contract award (December 2009) and will continue through the first year of the project (December 2010). The BOND team will then begin pilot operations for Stage 2 in January 2011 and will continue for three months. Full scale demonstration activities for Stage 1 and Stage 2 will begin in April 2011. Operational activities will continue through September 2017. Data collection and evaluation activities will begin in 2011. The evaluation team will summarize all findings from the BOND evaluation in the draft final report in October 2017. Sections 8.1 and 8.2 discuss implementation and evaluation activities in greater detail.

**Exhibit 8-1. Overview of Key Demonstration Activities**



<sup>81</sup> The draft final report is due to SSA in October of 2017. The contract continues to December 6, 2018. Activities in 2018 include revisions to the draft final report, briefings to SSA, and documentation of analysis files.

## 8.1 Implementation Timeline

Preparatory work for BOND implementation is a primary focus for the first year of the project as shown in **Exhibit 8.1**. Implementation planning and site preparation activities have been carefully scheduled to lead to a three-month pilot by January 2011. Full-scale demonstration operations will begin in April 2011, if no problems are encountered during the gradual ramp-up of outreach and enrollment during the January 2011 through March 2011 pilot period. Full-scale operations will continue through September 2017. BOND site offices will be operational from November 2010 through October 2012 to support pilot operations and Stage 2 enrollment under full operations. After the BOND site offices close, earnings reporting and work CDR activities for BOND subjects will continue in the BOND call center.

Implementation planning and site preparation focuses on five activities to ensure readiness to start the Stage 2 pilot in January 2011:

1. **Preparing BOND Site Offices.** Site preparation involves refining operations procedures and developing procedures manuals for the BOND site offices. This activity also involves planning office locations, negotiating leases, and setting up necessary equipment and infrastructure for site offices.
2. **Developing BOND interventions, including WIC/EWIC counseling and procedures for earnings reporting and work CDR development.** Initial activities to develop WIC/EWIC counseling involve finalizing specifications for the two types of counseling, defining roles to be played by WIC and EWIC providers, developing performance benchmarks, and identifying WIC and EWIC providers. For earnings reporting and work CDR development, the BOND team is preparing detailed procedures for carrying out these functions and training materials for BOND site office staff who will conduct these activities.
3. **Preparing participant outreach, recruitment, and random assignment procedures.** This involves developing detailed plans for conducting Stage 2 outreach and recruitment in the BOND sites based on the geographies of the sites and the location of the beneficiary population. To support participant outreach and recruitment, the BOND team is also developing outreach materials and messages for beneficiaries, plans for informing local stakeholders about BOND, frequently asked questions and demonstration brochures.
4. **Developing support materials and tools for BOND implementation.** The BOND team is developing several tools to support BOND operations. The BOND call center will field calls from beneficiaries in the Stage 2 solicitation pool, BOND subjects, interested organizations, and the general public. When Stage 2 enrollment ends, the BOND site offices will close and the call center will assume responsibilities for earnings reporting and work CDR development for offset users in the demonstration sites. The BOND screening tool, accessed via the BOND website, will provide beneficiaries information about how the \$1 for \$2 benefit offset would affect income under different earnings scenarios. A comprehensive training and technical assistance effort is also being developed to support BOND operations.<sup>82</sup>

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<sup>82</sup> Technical assistance will be made available to BOND site office staff, call center staff, and WIC and EWIC counselors beginning with the Stage 2 pilot. Site liaison teams will develop technical assistance plans for each site and monitor BOND operations to identify needs for additional training or technical assistance and to ensure that the demonstration is implemented consistent with the intended design.

5. **Design, develop, and test the BOND Operations Data System (BODS) and develop System Security Plans:** BODS will offer online support for the BOND team to track delivery of demonstration services to all BOND subjects. BODS will support random assignment, beneficiary outreach and recruitment, earnings reporting, documenting service receipt, the BOND call center, and survey data collection. The BOND team is developing BODS during the first year of the contract and it will be operational prior to the start of the Stage 2 pilot.

## 8.2 Evaluation Timeline

Four factors influence the timeline for the evaluation:

- **Random Assignment:** Stage 1 random assignment will be conducted in December 2010 and notification of T1 subjects will begin in April 2011. T1 notification will end in June 2011, unless the response of T1 subjects necessitates additional time.<sup>83</sup> Stage 2 random assignment will begin in April 2011 and continue for 18 months through September 2012.<sup>84</sup>
- **Length of Follow-Up:** The length of the follow-up period for evaluation analyses must be sufficient to determine if there are effects on the demonstration's main outcomes—employment, earnings, and disability benefit receipt—and to determine the persistence of these effects, including either shrinkage or growth over the long term. To obtain a long-term perspective on outcomes, the first in-depth follow-up survey will occur three years after random assignment. This timing balances the need to obtain long-term follow-up information on several key outcomes with the overall timeframe of the contract, including the time that it takes to collect and process the survey data (see Section 8.3 for more details). Although it does not affect the length of the demonstration, an interim survey will be conducted with Stage 2 sample members 12 months after random assignment. The interim survey is focused on the amount and nature of employment-related services received, and will be important for measuring the treatment/control service differential as well as the service differential between treatments. This interim survey will also include a modest amount of employment information for early impact analysis.
- **Availability of Data for Analysis:** The availability of data influences the timing and content of evaluation reports. For administrative records, particularly SSA earnings records, the BOND team understands that SSA data are about 90 percent complete by mid-August/early September for the previous calendar year. The timeline for reports is constructed on that basis. If data are not available on this schedule, the evaluation timeline presented here will need to be adjusted accordingly. For survey data, plans are to transmit and clean survey data from the field on a flow basis.
- **Analysis of Data and Drafting Reports:** Letter Reports will be submitted to SSA annually three months after the underlying data become available. This time interval is needed to ensure that the

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<sup>83</sup> During the first month, one-sixth of the Stage 1 treatment group will receive the T1 notification letter to test the response to the letter. The remainder of the Stage 1 treatment group will receive notification letters in the second and third months unless the response is so great that WIC counselors and BOND site office staff are unable to provide timely assistance to the T1 group. In that case, with approval from SSA, the Stage 1 outreach period will be extended, but not longer than three additional months.

<sup>84</sup> It should be noted that the Stage 2 random assignment could take less than 18 months; for example, if the institutional and human capacities of the BOND site offices can recruit and enroll beneficiaries to reach the target of 12,600 faster than expected, then enrollment in Stage 2 will be shorter than projected here.

data are clean and consistent, to conduct analyses and explore interpretations, and to draft the reports. These Letter Reports will use administrative data and will consist primarily of impact tables, with brief descriptive narratives. They are not intended to be published as reports. The evaluation's publishable reports—early assessment, interim, process, and final—will be interspersed with the Letter Reports over a six-year reporting period (as indicated in **Exhibit 8-2**).

Because of differences in start-up timing, recruiting, and operations, the timeframes for random assignment, the follow-up survey(s), and subsequent reports differ for Stage 1 and Stage 2. Below, we summarize the evaluation timeframe for Stage 1 and Stage 2, including the on-going reports to summarize the demonstration outcomes. The reporting timeline for Stage 1, Stage 2, and the synthesis reports are shown below in **Exhibit 8-2**.

### Exhibit 8-2. Report Timeline for the Benefit Offset National Demonstration

Report	Anticipated Date of Completion
<b>Stage 1</b>	
Early Assessment Report	December 2011
Policy Brief based on Early Assessment Report	January 2012
Annual Letter Reports (4)	December 2012 December 2013 December 2015 December 2016
Interim Participation, Process, and Impact Reports (2)	December 2015 December 2017
<b>Stage 2</b>	
Early Assessment Report	March 2013
Policy Brief based on Early Assessment Report	April 2013
Annual Letter Reports (3)	June 2014 June 2015 June 2017
Interim Participation, Process, and Impact Reports (2)	March 2014 June 2016
<b>Synthesis Reports</b>	
Final Process Study Report	June 2014
Final Report on Participation, Impacts, and Benefits and Costs	October 2017

#### *Stage 1 Random Assignment, Data Collection, and Reporting*

The BOND team will conduct Stage 1 random assignment in March 2011, and notify T1 subjects about the offset beginning in April of 2011. The Stage 1 follow-up survey will begin 36 months after T1 notification begins (April through October 2014). Findings from the Stage 1 evaluation will be summarized in the reports shown below:

- **Early Assessment Report (December 2011) and Policy Brief (January 2012).** The Early Assessment Reports will document strengths and weaknesses of project operations, and the briefs will encapsulate the key findings from those reports for external stakeholders. This report and brief

will summarize the characteristics of prospective BOND subjects at baseline. It will also present comparisons of T1 and C1 subjects to assess whether any differences in characteristics arose by chance during random assignment. The findings will give SSA an in-depth summary of Stage 1 BOND subject characteristics just prior to their entry into BOND. The Policy Brief will summarize the findings from the Early Assessment Report for a broad policy audience.

- **Letter Reports (December 2012, December 2013, December 2015, and December 2016).** Taking full advantage of the availability of administrative data, the evaluation team will make periodic comparisons of treatment and control groups on key outcomes throughout the demonstration. These will be reported in the Letter Reports. These Letter Reports will provide snapshots of the effect of benefit offset for all T1 subjects compared to current law (C1), one year, two years, four years, and five years after random assignment. (Impacts in years three and five will be presented in the interim reports.)
- **Interim Reports (December 2013 and December 2015).** The two Interim Reports will include the same types of impact estimates as the Letter Reports (updated for years three and five) and provide additional information from the survey and the participation and process analyses. These reports will draw on all the types of BOND data (administrative data, survey data and BODS) described in Chapter Seven. The first Interim Report (December 2013) will present impacts from the 36-month follow-up survey and process analyses.

### *Stage 2 Random Assignment, Data Collection, and Reporting*

The pilot for Stage 2 will begin in January 2011 and full-scale random assignment will begin in April 2011. Baseline interviewing and random assignment will be completed at the end of September 2012.

The 12-month follow-up survey will start in April 2012, coinciding with the one year anniversary of full implementation in April 2011, and will be completed by December 2013.<sup>85</sup> The more extensive 36-month follow-up survey will begin in all sites in April 2014. Data collection for this survey should be completed by December 2015.

As shown in **Exhibit 8.2**, the reporting schedule for Stage 2 is generally similar to Stage 1, though the timing of the reports differs because enrollment periods for Stage 1 and Stage 2 are different. For example, the Letter and Interim Reports for Stage 2 will be submitted in June of each year, in contrast to the December timeline for Stage 1. The evaluation team will complete three types of Stage 2 reports:

- **Early Assessment Report** (March 2013) and **Policy Brief** (April 2013): As in Stage 1, the Early Assessment Reports are intended to document strengths and weaknesses of project operations, and the Policy Briefs are intended to encapsulate the key findings from those reports for external stakeholders. The report and brief will summarize the characteristics of prospective BOND subjects at baseline. It will also present comparisons of T21, T22 and C12 subjects to assess whether any differences in characteristics arose by chance during random assignment.

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<sup>85</sup> The December date allows up to three months to complete the final interviews once released to the field in September 2013.

- **Letter Reports** (June 2014, June 2015, and June 2017). As with Stage 1, the Letter Reports are designed to provide SSA annual updates on key impacts of the demonstration. The first Stage 2 Letter Report will also include preliminary data from the 12-month follow-up survey. These reports will provide snapshots of the effect of the benefit offset for all T21 and T22 subjects compared to current law (and T21 compared to T22), two years, three years, and five years after random assignment. (The impacts in years one and four will be presented in the Interim Reports.)
- **Interim Reports** (March 2014 and June 2016). Given the more comprehensive nature of the Stage 2 treatments, as well as the fact that the evaluation will survey Stage 2 volunteers three times and Stage 1 sample members only once, the Stage 2 reports will provide richer and more complex findings. The two Interim Reports will include the same types of impact estimates as the Letter Reports (updated for years one and four) and provide additional information from the survey and process analyses. These reports will draw on all the types of BOND data (administrative data, survey data and BODS) described in Chapter Seven. The first Interim Report (March 2014) incorporates findings from the 12-month follow-up survey and process analyses. The second Interim Report (June 2016) includes findings from the 36-month follow-up survey and a later round of findings from the process analysis.

### *Synthesis Reports*

Two reports will synthesize findings for Stage 1 and Stage 2. A Process Study Report (June 2014) will document the qualitative findings from Stage 1 and Stage 2. They will describe the treatments received by all groups, the implementation process, the context of the demonstration treatments, and the characteristics of the samples.

A Final Report (October 2017) will summarize all of the key outcomes from the demonstration. This report will address all of the research questions for BOND and will provide a comprehensive assessment of the demonstration. It will include analysis of all survey data and the maximum length of administrative follow-up possible given available administrative data. The final evaluation report will integrate elements of the process/implementation, participation and impact analyses into a coherent set of findings that will be described in plain language. Full technical details and comprehensive documentation will be included, primarily in appendices. It will also include a chapter on the benefit-cost analysis. Finally, the findings will be placed in their program and policy context, along with recommendations for future directions.

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## Appendix A. Earnings Consequences of Implementing the BOND Benefit Payment Rules

The neoclassical economic theory of participation in earnings-tested transfer programs predicts that the change in SSDI payment rules from current law to the BOND payment provisions of the demonstration will cause some beneficiaries to increase their monthly earnings, some beneficiaries to decrease their monthly earnings, and have no effect on the work or earnings of the remainder. The model abstracts from many other considerations that might affect beneficiary decisions (e.g., medical considerations, fixed costs, annual accounting under BOND versus monthly accounting under current law, etc.). Nonetheless, it demonstrates how the work incentives under a benefit offset relative to those under current law will make earnings increases more attractive to some beneficiaries who work, but make earnings reductions more attractive to others.

This appendix provides a diagrammatic derivation of these predictions. Specifically, the next three sections discuss in turn beneficiaries who increase their earnings in response to the BOND offset, beneficiaries who reduce their earnings, and beneficiaries who do not change their earnings.

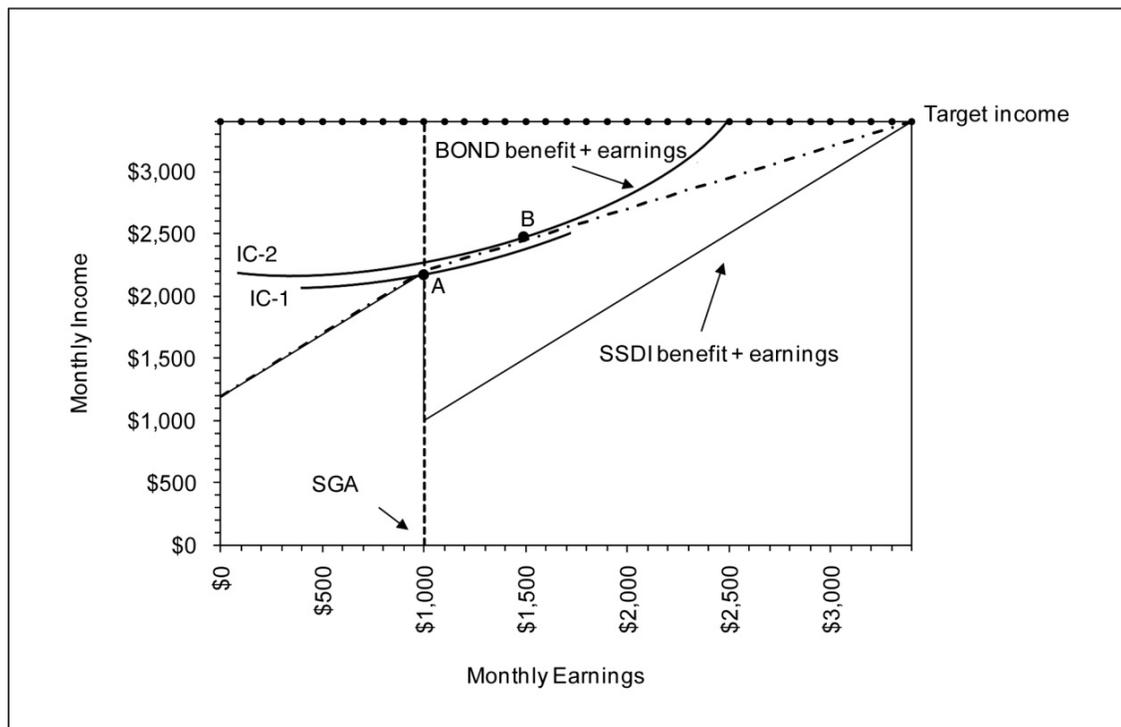
### Beneficiaries Who Will Increase Their Earnings Because of BOND

**Exhibit A-1** repeats **Exhibit 5-3** of the text and shows the relationship between monthly earnings (horizontal axis) and total monthly income (vertical axis) for an SSDI beneficiary with a \$1,200 monthly benefit, an SGA threshold of \$1,000 a month in earnings, and no other sources of income. This exhibit adds two lines to the original diagram, the curved lines labeled IC-1 and IC-2. These are what economists call “indifference curves.” Each of these curves plots a set of monthly earnings and monthly income combinations that the beneficiary considers equally attractive. Thus, she or he is indifferent among the points on a given curve. She or he is not indifferent between different curves: curves higher up in the diagram (such as IC-2) are preferred to curves lower in the diagram (such as IC-1), since for a given monthly earnings amount the higher of the two curves provides greater monthly income.

An economic actor chooses the combination of monthly earnings and monthly income that puts him or her on the highest indifference curve, from among the earnings-income combinations available to him or her. Under standard SSDI rules, the available combinations of earnings and income lie along the zig-zag solid line angling up and to the right. Without moving off that line, the highest indifference curve attainable is IC-1. Hence, the actor patterns her or his work behavior to reach point A, with earnings just below SGA (i.e., at \$999 per month) and monthly income of \$2,199 (\$999 in earnings plus \$1,200 in SSDI benefits). For this individual, the advent of BOND alters the set of attainable points in the diagram, making it possible to move onto indifference curve IC-2 at point B. Even though she/he has to work more to increase his or her earnings to around \$1,600 per month, the added income that results—now up at \$2,500 including a monthly benefit of \$900 ( $\$1,200 - (\$1,600 - \$1,000) / 2$ )—is worth it. The income that would have resulted from the same work effort under current law, confined to \$1,600 in earnings because no SSDI benefit would be paid, would not have been worth it. Thus, BOND makes greater work effort and higher earnings in the self-interest of beneficiaries whose preferences between work and

income are of the sort mapped out by IC-1 and IC-2. All such people will, in the absence of BOND, earn just below the SGA level,<sup>86</sup> and with BOND earn above SGA.

**Exhibit A-1. Illustration of a Beneficiary Who Increases Her or His Earnings Because of BOND**



Assumptions: Current Benefit = \$1,200; SGA = \$1,000 (2010 non-blind value); Monthly earnings under BOND = annual earnings/12; No expenses to deduct from earnings; No auxiliary benefits; Earnings and SSDI are beneficiary's only income

**Beneficiaries Who Will Decrease Their Earnings Because of BOND**

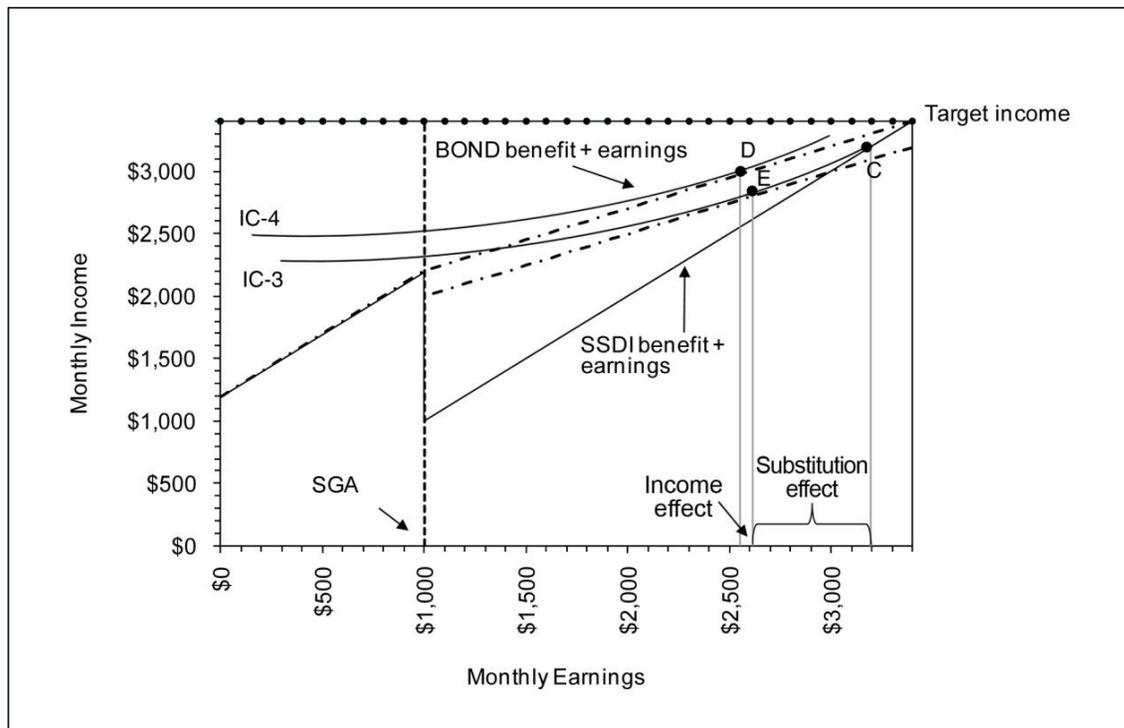
A different pair of indifference curves appears in **Exhibit A-2**, representing a different kind of beneficiary. This is an individual who under current law chooses the earnings and income combination at point C, on indifference curve IC-3. This gets him or her to the highest curve attainable along the solid earnings-income schedule of standard SSDI benefit rules. Under BOND—the dotted line—this individual moves to point D, on a higher indifference curve. Importantly, D has lower monthly earnings than C, \$2,500 rather than \$3,000. There is some loss of income involved, but because of BOND's more generous treatment of earnings this loss is small: total income of \$3,000 (all earned) falls to total income of \$2,950—\$2,500 in earnings plus a benefit of \$450 ( = \$1,200 - ( \$2,500 - \$1,000) / 2 ). For this

<sup>86</sup> This point—that all beneficiaries predicted to increase their earnings because of BOND have earnings just below SGA in the absence of BOND—emerges from a more complicated use of indifference curves and hinges on the facts that (i) indifference curves must be concave as shown in Exhibit A-1 and (ii) indifference curves cannot cross over one another.

beneficiary, having less demanding employment (e.g., fewer hours, lower hourly pay) more than compensates for this small income drop, so he or she works less under BOND.

All of the beneficiaries whom BOND induces to work less will necessarily come from the far right portion of the graph, and hence will be working substantially above SGA under current benefit rules.<sup>87</sup>

**Exhibit A-2. Illustration of a Beneficiary Who Decreases His or Her Earnings Because of BOND**



Assumptions: Current Benefit = \$1,200; SGA = \$1,000 (2010 non-blind value); Monthly earnings under BOND = annual earnings/12; No expenses to deduct from earnings; No auxiliary benefits; Earnings and SSDI are beneficiary’s only income.

**Beneficiaries Whose Earnings Will Not Change Because of BOND**

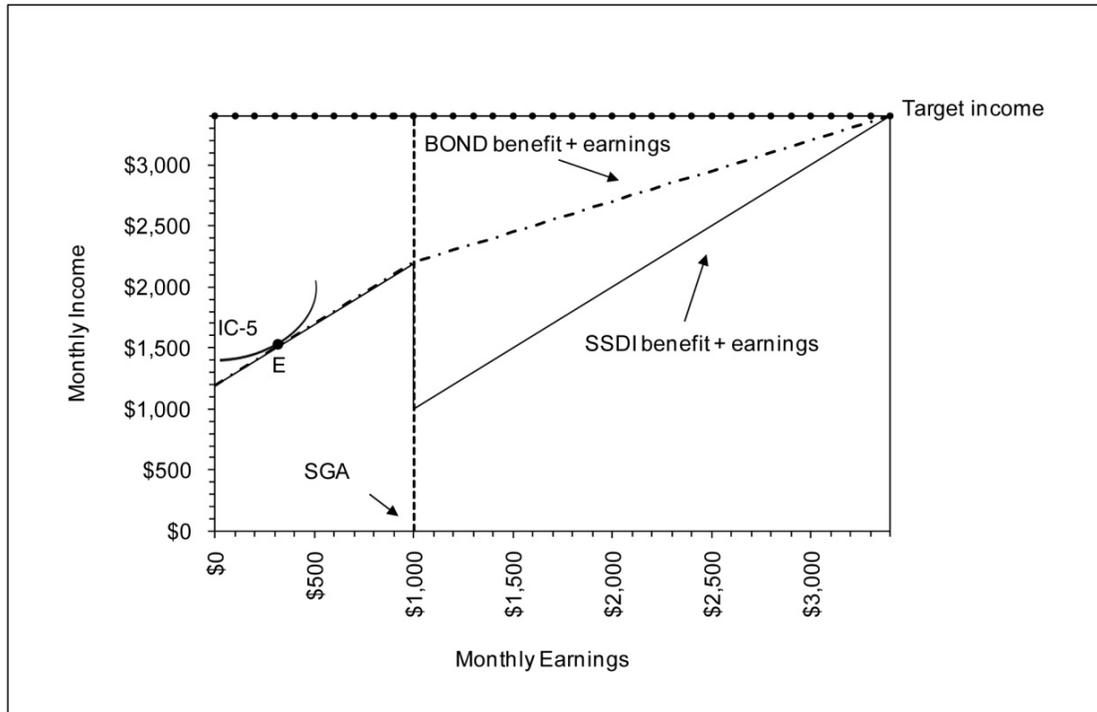
A final beneficiary type is represented by indifference curve IC-5 in **Exhibit A-3**. This individual chooses point E, where she/he earns \$500 per month, draws an SSDI benefit of \$1,200 per month, and thus achieves a \$1,700 monthly income. No other attainable combination of earnings and income is as good, either under current law or with the BOND rules. Indeed, the difference in the relationship of earnings to

<sup>87</sup> This point—that all beneficiaries predicted to reduce their earnings because of BOND have earnings well above SGA in the absence of BOND—emerges from a more complicated use of indifference curves and hinges on the facts that (i) indifference curves must be concave as shown in Exhibit A-2, (ii) indifference curves cannot cross over one another or curve upward at their left end, and (iii) the high “spike” in the current law income line at SGA will be the highest attainable indifference curve under current law for many beneficiaries.

income between current law and BOND—all lying to the right of \$1,000 of earnings in the diagram—is irrelevant to the indifference curves that matter for this beneficiary.

This point generalizes to all beneficiaries who earn notably less than SGA under current rules, including those who do not work or earn at all: for these people, economic theory predicts no earnings or employment response to BOND.

**Exhibit A-3. Illustration of a Beneficiary Who Does Not Change Her or His Earnings Because of BOND**



Assumptions: Current Benefit = \$1,200; SGA = \$1,000 (2010 non-blind value); Monthly earnings under BOND = annual earnings/12; No expenses to deduct from earnings; No auxiliary benefits; Earnings and SSDI are beneficiary’s only income.

## Appendix B. The Effect of Earnings on SSI State Supplements in the BOND States

State SSI supplements are available to at least some working SSI recipients in 13 of the BOND states. In 12 BOND states (all but Wisconsin, Texas, and Wyoming), the state supplement is fixed as long as the federal SSI payment is positive. As federal countable income (including half of earnings above any disregard) increases past the point where the federal payment is zero, the state supplement is reduced dollar for dollar. Hence, every additional dollar earned reduces the state supplement by \$0.50.

Among these 12 states, two different methods are used to determine the size of the benefit at zero earnings:

- **Addition to Federal Benefit.** The fixed state supplement amount is added to the federal payment, whatever the latter happens to be. This method is used in eight BOND states: Alabama, Arizona, California, the District of Columbia, Maryland, Michigan, New York, and Vermont.
- **Difference between a State Standard and the Federal Benefit.** The state establishes a standard that might consider factors not reflected in the federal rules. The state supplement is then calculated as the difference between that standard and the federal payment. This method is used in four BOND states: Colorado, Maine, New Hampshire, and Virginia.

In one additional BOND state, Wisconsin, the state supplement is also fixed as long as the federal benefit is positive. But when countable income reaches the point where the federal SSI benefit is zero, the state supplement is lost in its entirety. Hence, when earnings reach the point where the federal benefit goes to zero, the state supplement also goes to zero: at that point there is a benefit cliff equal to the state supplement amount.

In the final two BOND states (Texas and Wyoming), state supplements are essentially not available to SSI recipients with earned income. In Texas, the supplement is only available to federal SSI recipients who receive the small federal SSI institutional benefit. In Wyoming, state supplements are available only to those who rely solely on SSI for income, implying they are not available to SSDI beneficiaries.

### Implications for BOND Participants

In the 13 BOND states that offer supplements to federal SSI recipients who work, the state supplement amount received by concurrent BOND participants will be unaffected as long as the federal SSI payment is positive. Relative to current law, however, and once a participant has finished the TWP and GP, the SSDI benefit offset has the effect of reducing federal SSI payments to concurrent beneficiaries when their earnings (net of IRWEs) are above SGA. Every SSDI dollar paid under the offset that would not be paid under current law reduces the federal SSI benefit by a dollar.

In 12 of these 13 states, once the federal SSI benefit is zero, each dollar of SSDI will reduce the state supplement by one dollar. Concurrent participants in these states will never experience a reduction in gross income by participating in BOND, because the additional SSDI benefit received under BOND at any level of earnings will always be at least as large as the SSI payment (federal plus state) under current law.

However, in Wisconsin, when the federal SSI payment goes to zero, the state supplement is lost in its entirety. This means that concurrent beneficiaries in Wisconsin who participate in BOND and have earnings (net of exclusions) above SGA could be worse off than under current law, once they have exhausted their TWP and GP months. If their earnings are at a level where their federal SSI benefit would be positive under current law but zero under BOND (because the SSDI benefit under BOND fully displaces the federal SSI benefit), they will lose their state supplement, and the higher SSDI benefit they receive under BOND will not necessarily fully replace their lost federal and state SSI.

In Texas, the SSI supplement is not germane to those who have any earnings, and in Wyoming the SSI supplement is not available to SSDI beneficiaries.

## Summary of State Supplement Rules in the Bond States

All of the information below is derived from the SSA website.

### Alabama

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/al.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/al.html)

- **Type:** Optional Supplement Administered by the State.
- **Payment Calculation Method:** “SSI recipients receive the full benefit based on living arrangement.”
- **Exclusions/Resource Limitations:** “Federal SSI regulations apply.”
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in Alabama.**
- If the Federal SSI Cash Benefit is 0 then,
  - **Total Amount Beneficiary Receives in Alabama**= State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.

### Arizona

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/az.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/az.html)

- **Type:** Optional and Mandatory Supplement Administered by the State.
- **Payment Calculation Method:** “The state supplementation is added to the federal payment. Countable income is deducted first from the federal payment. Any income that remains to be counted after the federal payment has been reduced to zero is then deducted from the state supplementary payment.”
- **Exclusions/Resource Limitations:** “Federal SSI regulations apply.”

- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in Arizona.**
- If the Federal SSI Cash Benefit is 0, then:
  - **Total Amount Beneficiary Receives in Arizona** = State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.

## Maine

[http://www.socialsecurity.gov/policy/docs/progdsc/ssi\\_st\\_asst/2009/me.html](http://www.socialsecurity.gov/policy/docs/progdsc/ssi_st_asst/2009/me.html)

- **Type:** Optional and Mandatory Supplement Administered by the State.
- **Payment Calculation Method:** “A standard applies that is established by the state for the total SSI payment. The federal SSI payment and any countable income are deducted from the state standard. The remainder is the state supplementation.”
- **Exclusions/Resource Limitations:** Federal regulations apply, but “for those living alone, with others, or in the household of another, the state disregards an additional \$55 for individuals and \$80 for couples.”
- State Standard Amount – Federal SSI Cash Benefit – Any Other Countable Income = **Maine State Supplement.**
- If the Federal SSI Cash Benefit is 0 then,
  - **Total Amount Beneficiary Receives in Maine** = State Standard Amount – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** The state has a set amount of money it has determined that each individual should receive per month, from unearned and earned sources. In counting “earned” dollars, it excludes the first \$150 (\$65 + \$55 for individuals), and then reduces the benefit by 50 cents for each dollar earned above that amount. The State Supplement equals the amount left over after the federal SSI supplement (plus any portion of the \$20 income exclusion not used for non-earned income and countable income) has been subtracted from the State Standard Amount. As earnings increase, the total benefit does not start to fall until earnings reach \$120 (even though the federal amount starts to fall at earnings above \$65). The State Supplement falls by \$1 for every \$2 in earnings after the federal benefit is zero.
- **Special Needs:** “Licensed boarding home subsidies: When costs of care exceed total of SSI and state supplementary payments, state will pay the difference up to established maximum rates.”

## California

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/ca.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/ca.html)

- **Type:** Optional and Mandatory Supplement Administered by SSA.
- **Payment Calculation Method:** “The state supplementation is added to the federal payment. Countable income is deducted first from the federal payment. Any income that remains to be counted after the federal payment has been reduced to zero is then deducted from the state supplementary payment.”
- **Exclusions/Resource Limitations:** “Federal SSI regulations apply.”
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in California.**
- If the Federal SSI Cash Benefit is 0, then:
  - **Total Amount Beneficiary Receives in California** = State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.

## Colorado

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/co.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/co.html)

- **Type:** Optional and Mandatory Supplement Administered by the State.
- **Payment Calculation Method:** “A standard applies that is established by the state for the total SSI payment. The federal SSI payment and any countable income are deducted from the state standard. The remainder is the state supplementation.”
- **Exclusions/Resource Limitations:** “Federal SSI regulations apply.”
- State Standard Amount – Federal SSI Cash Benefit – Any Other Countable Income = **Colorado State Supplement.**
- If the Federal SSI Cash Benefit is 0 then,
  - **Total Amount Beneficiary Receives in Colorado** = State Standard Amount – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** The state has a set amount of money it has determined that each individual should receive per month, from unearned and earned sources. In counting “earned” dollars, it excludes the first \$65, and then reduces the benefit by 50 cents for each dollar earned above that amount. The State Supplement equals the amount left over after the federal SSI supplement (plus any portion of the \$20 income exclusion not used for non-earned income and countable income) has been subtracted from the State Standard Amount. As earnings increase, the federal benefit starts to fall at earnings

above \$65. The State Supplement falls by \$1 for every \$2 in earnings after the federal benefit is zero.

- **Special Needs:** “Other: County social services boards may choose to provide optional supplementation for other special needs circumstances.”

### District of Columbia

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/dc.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/dc.html)

- **Type:** Optional Supplement Administered by District and SSA, and Mandatory Supplement Administered by SSA.
- **Payment Calculation Method:** “The state supplementation is added to the federal payment. Countable income is deducted first from the federal payment. Any income that remains to be counted after the federal payment has been reduced to zero is then deducted from the state supplementary payment.”
- **Exclusions/Resource Limitations:** “Federal SSI regulations apply.”
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in D.C.**
- If the Federal SSI Cash Benefit is 0, then:
  - **Total Amount Beneficiary Receives in D.C.** = State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.

### Florida

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/fl.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/fl.html)

- **Type:** Optional Supplement Administered by the State.
- **Payment Calculation Method:** “A standard applies that is established by the state for the total SSI payment. The federal SSI payment and any countable income are deducted from the state standard. The remainder is the state supplementation.”
- **Exclusions/Resource Limitations:** Available only to those living in an assisted living facility, adult family care home, or Medicaid facility (last group ignored below). “Federal SSI Regulations Apply...Countable income may not exceed \$701.40.”
- State Standard Amount – Federal SSI Cash Benefit – Any Other Countable Income = **Florida State Supplement.**
- If the Federal SSI Cash Benefit is 0, then:
  - **Total Amount Beneficiary Receives in Florida** = State Standard Amount – Any Countable Income after Federal SSI Cash Benefit is 0.

- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.

## Maryland

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/md.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/md.html)

- **Type:** Optional Supplement Administered by the State and Mandatory Supplement Administered by SSA.
- **Payment Calculation Method:** “The state supplementation is added to the federal payment. Countable income is deducted first from the federal payment. Any income that remains to be counted after the federal payment has been reduced to zero is then deducted from the state supplementary payment.”
- **Exclusions/Resource Limitations:** Excludes \$20 of any unearned income, including SSI.
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in Maryland.**
- If the Federal SSI Cash Benefit is 0, then:
  - **Total Amount Beneficiary Receives in Maryland**= State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$85 (\$65 + \$20 from the state), the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.

## Massachusetts

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/ma.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/ma.html)

- **Type:** Optional and Mandatory Supplements Administered by SSA.
- **Payment Calculation Method:** “The state supplementation is added to the federal payment. Countable income is deducted first from the federal payment. Any income that remains to be counted after the federal payment has been reduced to zero is then deducted from the state supplementary payment.”
- **Exclusions/Resource Limitations:** “Federal SSI Regulations Apply.”
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in Massachusetts.**
- If the Federal SSI Cash Benefit is 0, then:

- **Total Amount Beneficiary Receives in Massachusetts** = State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.

## Michigan

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/mi.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/mi.html)

- **Type:** Mandatory Supplement Administered by SSA and Optional Supplement Administered by the State and SSA.
- **Payment Calculation Method:** “The state supplementation is added to the federal payment. Countable income is deducted first from the federal payment. Any income that remains to be counted after the federal payment has been reduced to zero is then deducted from the state supplementary payment.”
- **Exclusions/Resource Limitations:** “Federal SSI Regulations Apply.”
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in Michigan.**
- If the Federal SSI Cash Benefit is 0, then:
  - **Total Amount Beneficiary Receives in Michigan.** = State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.
- **Special Needs:** For recipients living independently, payment for help required with personal care and household activities (maximum is based on individual need).
- **Special Needs:** SSI recipients are eligible if state disability assistance standards indicate that their needs are greater than their SSI payment plus other income.

## New Hampshire

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/nh.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/nh.html)

- **Type:** Mandatory and Optional Supplements Administered by the State.
- **Payment Calculation Method:** “A standard applies that is established by the state for the total SSI payment. The federal SSI payment and any countable income are deducted from the state standard. The remainder is the state supplementation.”

- **Exclusions/Resource limitations:** “No monetary or acreage limitation on property occupied as a home. Personal property limited to \$1,500 net cash value for an individual or a couple excluding clothing, household furnishings, tools, car, life insurance, and farm equipment or livestock used for food needs. Equity value of each individual's life insurance policies is counted as a resource when the total combined equity value of the policies exceeds \$1,500; it is excluded as a resource if the total combined equity value of the policies is less than \$1,500 or the state has been named the beneficiary to the policies.”
- **Standard Income Exclusions**
  - Up to \$25, depending on living arrangements and individual/couple status
- **Earned Income Exclusions**
  - Aged and disabled: Same as federal.
  - Blind: \$85 of gross earnings plus one-half of amount over \$85.
  - Other exclusions: If recipient receives income from other persons in exchange for providing only room for such persons, \$50 per person is deducted from such income. Actual expenses if greater may be allowed, subject to verification.
  - If income is received in exchange for room and board, the Food Stamp coupon allotment for each boarder is deducted in addition to the amounts given above.
- State Standard Amount – Federal SSI Cash Benefit – Any Other Countable Income = **New Hampshire State Supplement.**
- If the Federal SSI Cash Benefit is 0, then:
  - **Total Amount Beneficiary Receives in New Hampshire** = State Standard Amount – Any Countable Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.

## New York

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/ny.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/ny.html)

- **Type:** Mandatory and Optional Supplements Administered by SSA.
- **Payment Calculation Method:** “The state supplementation is added to the federal payment. Countable income is deducted first from the federal payment. Any income that remains to be counted after the federal payment has been reduced to zero is then deducted from the state supplementary payment.”
- **Exclusions/Resource Limitations:** “Federal SSI Regulations Apply.”
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in New York.**
- If the Federal SSI Cash Benefit is 0, then:

- **Total Amount Beneficiary Receives in New York** = State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.
- **Special Needs:** “State Office of Temporary and Disability Assistance administers an additional \$25 payment to some SSI recipients in nursing homes and \$5 to recipients in all other medical facilities. The payment is called a State Supplemental Personal Needs Allowance.”

## Texas

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/tx.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/tx.html)

- **Type:** Optional Supplement Administered by the State.
- **Payment Calculation Method:** “The state pays a supplement to individuals who reside in Medicaid facilities.” **Exclusions/Resource Limitations:** “Federal SSI Regulations Apply” and “Optional state supplement provided to all SSI recipients residing in nursing or intermediate care facilities for the mentally retarded and whose countable income is less than \$60.” The benefit is only available to those whose federal SSI rate is \$30.
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in Texas.**
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** Eligible individuals are very unlikely to work, and even very low earnings would make them ineligible for either a federal or state benefit.

## Vermont

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/vt.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/vt.html)

- **Type:** Optional Supplement Administered by SSA.
- **Payment Calculation Method:** “The state supplementation is added to the federal payment. Countable income is deducted first from the federal payment. Any income that remains to be counted after the federal payment has been reduced to zero is then deducted from the state supplementary payment.”
- **Exclusions/Resource Limitations:** “Federal SSI Regulations Apply.”
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in Vermont.**
- If the Federal SSI Cash Benefit is 0, then:
  - **Total Amount Beneficiary Receives in Vermont**= State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.

- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** For every countable earned dollar after \$65, the benefit is reduced by 50 cents. The benefit is subtracted from the federal payment first. Once the countable income  $\geq$  federal payment, any remaining countable income is subtracted from the State Supplement at a rate of \$1 reduction for \$2 in earnings.

## Virginia

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/va.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/va.html)

- **Type:** Optional Supplement Administered by the State.
- **Payment Calculation Method:** “A standard applies that is established by the state for the total SSI payment. The federal SSI payment and any countable income are deducted from the state standard. The remainder is the state supplementation.”
- **Exclusions/Resource Limitations:** “Federal SSI regulations apply. In addition, when applicable, a disregard for income allotted to the support of children or spouse at home is allowed.”
- State Standard Amount – Federal SSI Cash benefit – Any other countable income = **Total Amount Beneficiary Receives in Virginia.**
- If the Federal SSI Cash Benefit is 0, then:
  - **Total Amount Beneficiary Receives in New Hampshire** = State Standard Amount – Any Countable Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** The state has a set amount of money it has determined that each individual should receive per month, from unearned and earned sources. In counting “earned” dollars, it excludes the first \$65, and then reduces the benefit by 50 cents for each dollar earned above that amount. The State Supplement equals the amount left over after the federal SSI supplement (plus any portion of the \$20 income exclusion not used for non-earned income and countable income) has been subtracted from the State Standard Amount. As earnings increase, the federal benefit starts to fall at earnings above \$65. The State Supplement falls by \$1 for every \$2 in earnings after the federal benefit is zero.

## Wisconsin

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/wi.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/wi.html)

- **Type:** Optional Supplement Administered by the State.
- **Payment Calculation Method:** “Recipients residing in the specified living arrangements are paid an established state supplement based on eligibility for a federal SSI benefit of at least \$1.”
- **Exclusions/Resource Limitations:** “Federal SSI regulations Apply.”
- Federal SSI Cash Benefit + State Supplement = **Total Amount Beneficiary Receives in Wisconsin.**
- If the Federal SSI Cash Benefit is 0, then:

- **Total Amount Beneficiary Receives in Wisconsin**= State Supplement – Any Countable Earned Income after Federal SSI Cash Benefit is 0.
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** The beneficiary receives the full state supplement until the federal benefit is reduced to zero, then loses the State Supplement in its entirety.
- **Other/Special Needs:** “A caretaker supplement is provided to SSI recipients with children: \$250 for first child; \$150 for each additional child...State administers special needs supplementary payments to cover care in non-medical facilities and natural residential settings. Recipients with dependent children are eligible for a higher level of supplementation.”

## Wyoming

[http://www.socialsecurity.gov/policy/docs/progdesc/ssi\\_st\\_asst/2009/wy.html](http://www.socialsecurity.gov/policy/docs/progdesc/ssi_st_asst/2009/wy.html)

- **Type:** Optional and Mandatory Supplements Administered by the State.
- **Payment Calculation Method:** “A standard applies that is established by the state for the total SSI payment. The federal SSI payment and any countable income are deducted from the state standard. The remainder is the state supplementation.”
- **Exclusions/Resource Limitations:** “Optional state supplement provided to all aged, blind, and disabled persons *who receive SSI as the sole source of their income* and live independently or in the household of another...Federal SSI Regulations Apply.”
- State Standard Amount – Federal SSI Cash benefit – Any other countable income = **Total Amount Beneficiary Receives in Wyoming.**
- **Summary of what happens to the total (state and federal) benefits as a person returns to work:** Not relevant to SSDI beneficiaries, who are ineligible for state SSI supplements.