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I would like to use a specific example to illustrate some of the promise and limitations of using employment support programs to assist current Supplemental Security Income (SSI) recipients to obtain employment and reduce their dependence on SSI. This example comes from the Social Security Administration’s Transitional Employment Training Demonstration, which tested time-limited employment and training services for SSI recipients with mental retardation.

THE TRANSITIONAL EMPLOYMENT TRAINING DEMONSTRATION

The Transitional Employment Training Demonstration, which operated from 1985 to 1987, was designed to help SSI recipients with mental retardation increase their economic and social self-sufficiency. Specifically, it sought to overcome a number of barriers that appeared to prevent SSI recipients with mental retardation from obtaining and holding jobs. In this way, the program attempted to help the recipients by increasing their employment, earnings, level of community integration, and total income while at the same time reducing government expenditures for SSI payments.

Intensive Employment Support Services

Transitional employment as fielded in the demonstration consisted of five core services intended to assist SSI recipients with mental retar-
dation obtain and hold competitive jobs—that is, economically productive jobs that are essentially undifferentiated from other jobs that exist in the economy. The five core services were

- Outreach to all mentally retarded SSI recipients between the ages of 18 and 40 to invite them to enter the demonstration programs
- Waivers to SSI regulations to ensure that any recipients who chose to enroll in the demonstration could maintain their eligibility for SSI benefits while they received training
- Placement in potentially permanent competitive jobs
- On-the-job training that was provided by program staff and was gradually faded out over time so as to promote independence on the job
- Post-placement support and follow-up as necessary for job retention

The other distinguishing feature of transitional employment in the demonstration was that services were time-limited. In the demonstration, the core services were to be provided within one year from the time the SSI recipient enrolled in the demonstration. However, there was an expectation that arrangements would be made during that year for any necessary job-retention services, although those services had to be funded by a source other than the demonstration.

This approach to training and employment support was based on the then-emerging literature on supported employment (Moss 1980; Rusch and Mithaug 1980; Wehman 1981; Kiernan and Stark 1986; Rusch 1986). A key feature of this approach is the customization of services inherent in using program staff to provide on-the-job training. This training enables participants to learn their jobs in the actual work environment in which they would continue to work after the training was completed. The training covers the production aspects of the job and the equally important nonproduction aspects such as travel to and from work, relations with supervisors and co-workers, and effectively managing the money earned from the job.

In general, the outreach, waivers, job placement, on-the-job training, and job retention services called for in the demonstration model were provided (Thornton, Dunstan, and Schore 1988). SSI recipients who enrolled in the program stayed for an average of 10.5 months, during
which staff provided each enrollee with an average of 114 hours of direct service (that is, staff time spent working directly with a client or on that client's behalf). It is estimated that it would cost approximately $5,600 (in 1986 dollars) to provide these services in an ongoing program that was not part of a demonstration (this cost would be approximately $7,400 per enrollee in 1995 dollars). There was substantial variation across individuals, with some enrollees receiving services costing less that $500 and others costing more than $25,000.

**Active Outreach to Eligible SSI Recipients**

Eligibility for the demonstration was limited to SSI recipients who 1) were between 18 and 40 years old, 2) had a diagnosis of mental retardation in their SSI files, and 3) lived in one of the thirteen communities served by the eight demonstration training organizations. The case folders of over 30,000 SSI recipients were screened to identify such recipients. Approximately 13,800 eligible recipients were identified and were sent invitation letters that described the demonstration. In addition, follow-up letters, telephone calls, and outreach to service providers in the communities were also used to recruit recipients into the demonstration. A total of 2,404 recipients expressed at least some interest in the demonstration. Intake workers in the training organizations described the available demonstration services to all interested applicants and explained that participation in the demonstration was strictly voluntary. If the applicant consented to participate and the intake worker decided that the applicant could be served, the applicant was formally enrolled in the demonstration. A total of 745 SSI recipients with mental retardation (approximately 5 percent of the eligible population) were enrolled in the demonstration: 375 of these recipients were assigned randomly to the treatment group and the remaining 370 of the recipients were assigned to the control group.

**Limitations of Demonstration Enrollees**

The average IQ score for the mentally retarded SSI recipients who enrolled in the demonstration was 57: approximately 84 percent had IQ scores between 40 and 70, and 6 percent had scores below 40. In addition, 83 percent of the enrollees also had physical, social, or emotional
problems that could be expected to impair their ability to function in the labor market. Approximately a third of the persons who were enrolled had no vocational activity during the year prior to their application, and another third had only worked in sheltered workshops during that time. Only 10 percent of the enrollees had held a competitive job in the previous year.

**Rigorous Evaluation Component**

In order to assess the extent to which the demonstration accomplished its goals, the demonstration included a formal evaluation component designed to produce accurate estimates of the impact of the demonstration services on the key outcomes. The key feature of the evaluation was the use of an experiment that randomly assigned eligible volunteers to either a treatment group, which was offered transitional employment services, or a control group, which was precluded from receiving the demonstration services but was free to obtain any other available services. By comparing the post-randomization activities of these two groups, the evaluation estimated the impact of adding the demonstration services to the services and incentives characterizing the status quo. Data for the evaluation came mostly from the Social Security Administration's (SSA's) Supplemental Security Record files and from an *Intake Data Collection Form* that collected information about the characteristics of sample members at the time they enrolled. In addition, enrollees at nine of the thirteen sites were interviewed in the fall 1988 (approximately three years, on average, after they enrolled in the demonstration). This survey provides a point-in-time glimpse of the job characteristics, wages, and work hours of the sample members.

**Increased Services and Earnings for Enrollees**

A comparison of the treatment and control groups indicates that the demonstration was successful in delivering the transitional employment services. The demonstration projects placed two-thirds of the treatment-group members on jobs during the demonstration. Half of those persons (or one-third of all treatment-group members) were successfully stabilized on a potentially permanent job, that is, they
reached a point where project staff felt that the person was capable of performing the work without the active ongoing support of the training program. This placement rate is consistent with the rate observed for other large employment programs for persons with disabilities (see, for example, Kerachsky and Thornton 1987).

The evaluation also showed that the demonstration services had a clear and persistent impact on the treatment-group members who were offered the demonstration services (Decker and Thornton 1994, 1995). The most important findings include the following points (many of which are illustrated in Figure 12.1).

• The SSI recipients who enrolled in the demonstration differed substantially from the eligible nonparticipants. Enrollees were slightly younger, had been on SSI a shorter period, and were more likely to have had recent earnings.

• Prior to enrolling in the demonstration, members in the treatment and control groups were essentially identical.

• Average employment and earnings levels for the treatment-group members rose quickly after enrollment, continued on an upward trend for about four years, and then fell slightly over the next two years.

• Average employment and earnings levels for the control-group members also increased over time, but not nearly at the levels observed for the treatment-group members.

• The impact of the services on average employment and earnings levels (which is estimated by the treatment-control difference) is statistically significant, proportionally large, and relatively persistent over the six-year follow-up period: average earnings for the treatment group were 73 percent greater than for the control-group over this period.

• Despite the proportionately large impact on earnings, the absolute change was small: average cumulative earnings rose $4,282 for the six years (roughly $714 per year).³

• Many of the treatment-group members held part-time jobs with relatively low wages: at the time they left the program, those treatment-group members who had jobs worked an average of
Figure 12.1 Average Monthly Earnings for Demonstration Participants and Nonparticipants

Earnings expressed in 1986 dollars.
27 hours per week and earned an average wage of $3.95 per hour; approximately three years later, less than a quarter of the treatment group members earned more than $300 per month, and only 43 percent earned more than the minimum wage.

- The impact on average SSI payments was statistically significant, but relatively small: over the six years, payments fell by an average of $870 or about 5 percent.

- Participants in the demonstration generally benefited from the services, their total income rose and they increased their productive activity and integration into society at large.

**IMPLICATIONS OF THE DEMONSTRATION**

This demonstration by itself is an extremely small foundation for developing employment policy for all SSI recipients. Nevertheless, the demonstration findings are quite relevant for efforts to assist SSI recipients obtain and hold jobs. Their relevance stems from the fact that persons with mental retardation make up approximately 30 percent of current SSI recipients and 43 percent of the children receiving SSI (Kochhar and Scott 1995). The results are also relevant because the demonstration is one of the few rigorous evaluations of an employment program for SSI recipients. Finally, when the demonstration findings are combined with the available literature, several tentative conclusions emerge.

First, it seems likely that the services required to move SSI recipients into employment will be relatively expensive. In the demonstration, the services had three characteristics that tend to make for an expensive program: customization, intensity, and duration. The training services were individualized to meet the specific abilities and interests of each participant, and this included individualized placement and on-the-job training provided by program staff. Participants tended to need substantial supports, at least early in the training process. This led programs to provide intensive services: in some cases, program staff worked directly with a single client full time for several weeks to teach the client the job. Once clients learned the job, the program support
was gradually withdrawn to promote independence. However, this process might take several months. In addition, program staff worked to establish ongoing job retention services from formal or informal sources (parents, co-workers, supervisors, and friends). The need for this ongoing support meant that many participants received 12 months of demonstration services followed by less intense job-retention services.

As noted, it would cost about $7,400 per enrollee (in 1995 dollars) to provide the Transitional Employment Training Demonstration service package. This figure is comparable to the costs estimated for similar employment support programs serving persons with mental retardation or other severe disabilities. For example, costs for a statewide program in Illinois averaged $5,300 per person served, and costs for a similar program in New York averaged $7,700 per person served (both figures are expressed in 1995 dollars). While the costs for these types of programs may decline as the training methods improve, it seems likely that efforts to place, train, and maintain persons with mental retardation or similar severe disability will be much more expensive than the average costs currently incurred by state vocational rehabilitation agencies. For example, Dean and Dolan (1991) estimated that costs in the Virginia Vocational Rehabilitation program averaged approximately $2,300 per client (when converted to 1995 dollars).

Second, it appears that a relatively small percentage of current SSI recipients will enroll and obtain employment. The available evidence suggests that relatively few SSI recipients work or seek employment supports. In the demonstration, 5 percent of the eligible population enrolled. Of the recipients who enrolled, two-thirds were placed on a job and one-third were successfully training on a job where there was a clear expectation of future independent work. Thus, less than 2 percent of the eligibles made the program-assisted transition to work. The Disability Policy Panel (1996) reports that for the Social Security Disability Insurance program, fewer than 2 in 21,000 beneficiaries leave the rolls because of a return to work. Finally, Scott (1992) reports that while 80 percent of working-age SSI recipients had worked prior to receiving SSI benefits, only 22 percent ever work after benefits begin.

These figures suggest that voluntary employment support programs are likely to attract a relatively small percentage of current recipients. Even if more recipients did apply, it is not clear that the system has the
capacity to provide supported employment services. Braddock et al. (1994) report that after more than a decade of rapid growth in the availability of supported employment and the inclusion of supported employment as part of every state’s vocational rehabilitation program, approximately 90,000 persons are now receiving supported employment services. While this is remarkable growth for a program that existed largely as university-based prototypes in 1980, it is nevertheless quite small when compared to the 4.8 million persons currently receiving SSI disability benefits.

Third, the available evidence suggests that services like those provided in the demonstration can increase earnings dramatically but still not reduce SSI payment substantially. The demonstration services had a huge proportional, but nevertheless a small absolute, impact on employment and earnings. While the participants are clearly better off in terms of income and work place integration, they generally remain poor and eligible for SSI payments. SSI payments were lower for the demonstration’s treatment group, but the savings averaged only $870 per enrollee over the six years following entrance into the program. This small impact seems to reflect a combination of factors, including the work incentive provisions of the SSI program (particularly the exclusion of half of earnings from countable income and the provisions of Section 1619), the relatively low wages and work hours of many the participants who entered the labor force, and the desire of participants to keep Medicaid coverage. While the demonstration evidence does not indicate whether the wage and hours patterns reflect the full ability of the participants or decisions by the participants to limit their earnings in order to retain SSI eligibility, the available evidence suggests that the earnings increases are likely to be too small for recipients to earn their way off SSI.

Fourth, a replication of the demonstration would generate better results, but might still not generate net benefits to the SSI program. Three of the eight demonstration programs produced better than average impacts in the demonstration. These three programs seemed to share some specific program elements that differed from those of the other five. In particular, they tended to put more emphasis on careful job matching and seemed to stick with their clients longer when initial job placements did not work out (Decker and Thornton 1994). In addition, site-specific impact estimates indicated that one of the eight pro-
grams reduced SSI payments sufficiently to offset more than a third of the costs of the transitional employment services. These findings suggest that replication efforts might improve on the performance of the demonstration programs. At the same time, replication efforts might have worse performance. The demonstration programs were selected from the eighty training programs that submitted applications in a national competition. Efforts to implement transitional employment on a national scale might not be as selective in their choice of providers and therefore might have smaller impacts than those observed in the demonstration. This seems to have been the case in Illinois as supported employment programs expanded from small university-based prototypes to a statewide program (Tines et al. 1990).

While more study is required, the currently available evidence suggests that employment support services can play an important role in making people with disabilities better off, but a limited role in helping SSI recipients earn their way off SSI. The demonstration tested one service model with a small group of recipients with a specific disabling condition. As a result, it is a very slim reed for shaping rehabilitation policy for the 4.8 million SSI recipients (or the 4 million disabled workers receiving Old-Age and Survivors Disability Insurance benefits). Nevertheless, until the Project Network results are available, the Transitional Employment Training Demonstration remains one of the clearest pieces of evidence (Rupp, Bell, and McManus 1994). It suggests that it will be very difficult to move a large number of recipients off the rolls: few current recipients may volunteer (and motivation to work is probably a key ingredient to success), only a fraction of the volunteers may make the transition to work, and many may still not earn enough to become economically independent. Participants appear to benefit from the services, but SSI benefits are not reduced sufficiently to pay for all of the program services.

The outlook may be better if replication efforts adopt the service approach of the best-performing demonstration programs. The outlook may also be better for employment-support programs that target other subgroups of the SSI population, such as children who have been allowed on the basis of an Individual Functional Assessment. By targeting children before they have entered the labor market, programs may have success in shaping expectations and attitudes about work as well as transmitting the skills required for work. Efforts to help chil-
Children think of work and independence as their future rather than ongoing SSI receipt should help to reduce long-term SSI dependence. This point is suggested by Scott's (1992) finding that young recipients who began receiving SSI benefits before they were 18 years old were more than twice as likely to work while receiving benefits as were persons who entered the program at an older age. Similarly, the many school-to-work programs serving students with disabilities offer some promise (Wehman 1991). However, these programs are still emerging and a dominant model has yet to emerge. Furthermore, there have been no controlled studies that compare the success of participants with what they would have done in the absence of the services.

With regard to employment support programs like those fielded in the Transitional Employment Training Demonstration, at least three possible funding plans deserve consideration: 1) to provide vocational rehabilitation agencies with grants based on the number of SSI recipients served in transitional or supported employment, 2) to provide funding for ongoing job-retention services to agencies that have placed and trained SSI recipients on jobs that are likely to enable them to earn their way off SSI, or 3) to encourage SSI recipients to purchase employment support services by expanding use of two current provisions of the SSI program—Plans for Achieving Self-Support (PASS) and Impairment Related Work Expenses (IRWE). Grants to vocational rehabilitation agencies could be based on formulas like the ones used in SSA's Beneficiary Rehabilitation Program or the one suggested by Berkowitz (1996). In either case, the funding could be based on the estimated SSI savings attributable to the transitional employment services, so that funding could be kept in line with the expected reduction in SSI payments. By allowing working SSI recipients to deduct work expenses from earnings used to calculate their countable income and SSI benefit amount, the PASS and IRWE provisions essentially enable recipients to shift at least some of the costs of job supports back to the SSI program without increasing costs to SSA (Prero 1993). Such subsidies could encourage greater use of employment supports and ultimately save money for the SSI program if the supports led to greater earnings or economic self-sufficiency.

The overall assessment of transitional employment, however, should not rest solely on the perspective of the SSI program. It seems likely that transitional employment services could save money for the gov-
ernment as a whole, particularly if those services substituted for facility-based services now being provided to many people with mental retardation. In addition, the program seems likely to generate net benefits to society as a whole. From this perspective the earnings gains of participants would be balanced against the costs of the services. During the six-year observation period, the average earnings gains of participants offset approximately 75 percent of the gross cost of the services. Savings from the shift in service use seem likely to offset the remaining social costs. In addition, the SSI recipients who received the transitional employment services not only gained income, but also gained from their increased integration in the labor force. It is essential that society keep track of these nonpecuniary benefits and the overall satisfaction derived from helping individuals with severe impairments participate more completely in society, because these aspects represent a major justification for transitional employment services.

Notes

2. The IQ scale used here has a mean of 100 and standard deviation of approximately 15 points. Thus, many enrollees had scores that implied cognitive functioning at a level that was at least three standard deviations below the general population mean.
3. These figures are in 1986 dollars.
4. The difference between the Transitional Employment Training Demonstration control-group members and the eligible nonparticipants suggests that the motivation implied by volunteering for an employment program is an important factor in predicting subsequent earnings and employment.

References


