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## Introduction

This report provides information about Supplemental Security Income (SSI) disabled and blind recipients who work and receive earnings. The report presents data on all SSI disabled recipients who work, section 1619 participants, and recipients who benefit from other work incentive provisions. Unless specifically excluded or listed separately, all references to SSI disabled recipients and workers include persons whose eligibility is based on blindness.

Since the beginning of the SSI program, a number of SSI disabled recipients have worked and received SSI payments. Initially, the program contained basic general and earned income exclusions that recognized the additional costs associated with employment. In computing the SSI payment, the first \$20 of income is not counted. In addition, the first \$65 of monthly earnings and one-half of the earnings in excess of \$65 are also excluded.

The law also contained a number of special income exclusions that were intended as work incentives:

- Blind work expenses (BWE) permit the exclusion of any earned income of a blind person that is used to meet any expenses reasonably attributable to earning the income.
- Plans for achieving self-support (PASS) permit a recipient with an approved PASS to set aside earned or unearned income and resources for a work goal. The income or resources set aside are used to pay for goods or services needed to reach the goal, such as education, vocational training, starting a business, or purchasing work-related equipment. The income and resources that are set aside under a PASS are excluded from SSI income and resource tests, but they do not influence the determination of ability to engage in substantial gainful activity (SGA).
- Student child earned income exclusions allow for the exclusion of certain earnings of child recipients under age 22 who are students regularly attending school.

The 1980 amendments to the Social Security Act established section 1619 and provided additional work incentive provisions to assist SSI recipients in entering the workforce. These provisions included income exclusions for impairment-related work expenses, a change in the treatment of sheltered workshop earnings, and the continuation of SSI payments for some individuals whose disability ceased because of a medical recovery.

- Impairment-related work expenses (IRWE) exclude from earnings the costs of items and services needed to work because of the person's disability and are paid for by the individual. These expenses are excluded from earned income used to compute ongoing SSI monthly payments. Beginning December 1990, the IRWE exclusions are also applied in the determination of income for purposes of initial SSI eligibility. IRWE may also be deducted from earned income when determining SGA.
  - A change in the treatment of sheltered workshop earnings provides that remuneration for services performed in sheltered workshops or activity centers is treated as earned income. This change makes it possible to apply the earned income exclusion to earnings that previously were subject to the general income exclusion; that is, the first \$20 and a dollar-for-dollar offset thereafter.
  - The provision for continuation of payments allows for SSI (and also Social Security Disability Insurance) payments to disabled individuals to continue after the disability ceases because of a medical recovery, if they are participating in approved vocational rehabilitation plans and the Social Security Administration (SSA) determines that completion of the program will increase the chances of permanent removal from the disability rolls. The provision assists individuals whose medical improvement occurs before completion of vocational training. This provision was extended to SSI recipients whose eligibility is based on blindness effective April 1988.
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Congress enacted these provisions because it concluded that additional incentives were required to help SSI disabled recipients to become self-supporting. They believed that individuals who could work outside of sheltered workshops might have been discouraged from doing so by the fear of losing their benefits before they had established for themselves the capability for continued self-support.

Section 1619(a) provides special SSI cash benefits to disabled individuals who lose eligibility for SSI payments because they have earnings at the level that is ordinarily considered to represent SGA. Section 1619(b) provides special SSI recipient status for Medicaid purposes to working disabled or blind individuals when their earnings make them ineligible for cash payments.

Under P.L. 99–643, which made section 1619 permanent, disabled individuals on the SSI rolls retain disability status until their medical condition improves. The distinction between a disabled person eligible for regular SSI benefits and a disabled person eligible for 1619(a) benefits is that the latter has several months with gross earnings above the SGA level.

Under previous law, 1619(a) status did not begin until a trial work period had been completed and a determination had been made that subsequent work was SGA. A number of cases were defined as 1619(a)

after June 1987 as a result of this change in the definition, rather than from any change in their work activity.

SSA regulations set the amount of earnings used to determine SGA. This amount is periodically adjusted to reflect increases in the national average wage index. Effective with 2001, the amount is adjusted annually. When these increases occur, the status of a number of recipients changes from 1619(a) to regular eligibility status. The SGA level was increased from \$300 to \$500 in 1990. It was further increased to \$700 in 1999, \$740 in 2001, \$780 in 2002, \$800 in 2003, \$810 in 2004, and \$830 in 2005.

Under section 1619(b), cash payments are not made. However, recipient status for Medicaid purposes continues until earnings reach a plateau that takes into account the person's ability to afford medical care as well as his or her normal living expenses.

An individual may benefit from more than one of the work incentive provisions. For example, he or she may receive special cash payments under section 1619 and have income excluded under a PASS. Other combinations are also possible, but it is not possible to have both IRWE and BWE.

The data in this report are based on the SSI caseload at the end of December 2004.