

OIG

Office *of the* Inspector General  
SOCIAL SECURITY ADMINISTRATION

*Informational Report*

## The Ticket to Work Program

*A-02-17-50203 | September 2016*

**OIG** Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** September 20, 2016

**Refer To:**

**To:** The Commissioner

**From:** Acting Inspector General

**Subject:** The Ticket to Work Program (A-02-17-50203)

The attached final report presents the results of the Office of Audit's review. The Office reviewed the impact and costs of the Ticket to Work and Self-Sufficiency Program.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, at 410-965-9700.

  
Gale Stallworth Stone

Attachment

# The Ticket to Work Program

## A-02-17-50203



September 2016

Office of Audit Report Summary

### Background

The *Ticket to Work and Work Incentives Improvement Act of 1999* established the Ticket to Work and Self-Sufficiency Program (Ticket Program). The purpose of the Ticket Program is to provide the assistance disabled beneficiaries need to return to work.

Under the Ticket Program, SSA provides beneficiaries a Ticket they can present to qualified organizations to obtain vocational rehabilitation or employment services. Eligible beneficiaries, called Ticket Holders, are age 18 through 64 and receive Disability Insurance and/or Supplemental Security Income payments based on a disability that creates an impediment to work. A beneficiary's participation in the Program is voluntary and free. The beneficiary can choose if, when, and where to use the Ticket with any approved Employment Network (EN) or State Vocational Rehabilitation agency (SVRA).

### Summary

Few Ticket-eligible beneficiaries used their Tickets to receive vocational or employment services. For example, in Fiscal Year 2015, less than 3 percent of Ticket-eligible beneficiaries assigned their Tickets or placed them in-use. Most of the individuals who used their Tickets placed them in-use with an SVRA under the cost-reimbursement (CR) option, the type of service that was in place before SSA implemented the Ticket Program.

While few beneficiaries used their Tickets, SSA incurred significant costs to operate the Ticket Program. For example, SSA paid contractors over \$234 million to help manage the Program since its inception. SSA will incur similar costs to help manage the Program in the future.

SSA reported significant savings attributed to the suspension or termination of benefit payments for beneficiaries who assigned or placed their Tickets in-use. Most savings SSA reported were attributed to beneficiaries who placed their Tickets in-use with an SVRA. However, SSA reported that beneficiaries who assigned their Tickets to ENs had higher average dollar savings than those who placed their Tickets in-use with an SVRA under the CR option.

While the savings estimates for the small percentage of beneficiaries who assign or use their tickets are encouraging, ENs decide which beneficiaries to accept. ENs may choose those more likely to return to work or to have higher earnings once they return to work. In fact, the Government Accountability Office found that an increasing number of ENs used service approaches that targeted those who were already working or ready to work. Also, an independent evaluation failed to provide strong evidence of the Ticket Program's impact on employment and concluded that many successful Program participants might have been equally successful without SSA-financed services or with services provided by an SVRA under the payment system that predated the Ticket Program.

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## ABBREVIATIONS

|                |                                                          |
|----------------|----------------------------------------------------------|
| BFW            | Benefits Forgone for Work                                |
| CDR            | Continuing Disability Review                             |
| CR             | Cost Reimbursement                                       |
| CY             | Calendar Year                                            |
| DAF            | Disability Analysis File                                 |
| EN             | Employment Network                                       |
| GAO            | Government Accountability Office                         |
| Mathematica    | Mathematica Policy Research                              |
| NSTW           | Non-pay Status due to Suspension or Termination for Work |
| SGA            | Substantial Gainful Activity                             |
| SSA            | Social Security Administration                           |
| SSI            | Supplemental Security Income                             |
| SVRA           | State Vocational Rehabilitation Agency                   |
| Ticket Program | Ticket to Work and Self-Sufficiency Program              |
| VREN           | Vocational Rehabilitation Employment Network             |

## BACKGROUND

The *Ticket to Work and Work Incentives Improvement Act of 1999*<sup>1</sup> established the Ticket to Work and Self-Sufficiency Program (Ticket Program).<sup>2</sup> The purpose of the Ticket Program is to provide the assistance disabled beneficiaries need to return to work. More specifically,

The purpose of the Ticket to Work program is to expand the universe of service providers available to individuals who are entitled to Social Security benefits based on disability or eligible for Supplemental Security Income (SSI) benefits based on disability or blindness in obtaining the services necessary to find, enter and retain employment. Expanded employment opportunities for these individuals also will increase the likelihood that these individuals will reduce their dependency on Social Security and SSI cash benefits.<sup>3</sup>

SSA implemented the Ticket Program in three phases. In Phase 1, which began in February 2002, SSA rolled the Ticket Program out in 13 States. In Phase 2, which began in November 2002, SSA extended the Program to an additional 20 States and the District of Columbia. In Phase 3, which began in November 2003, SSA implemented the Ticket Program in the remaining 17 States and U.S. territories.

### The Ticket Program

Under the Ticket Program, SSA provides beneficiaries<sup>4</sup> with a Ticket they can present to qualified organizations to obtain vocational rehabilitation or employment services. Eligible beneficiaries, called Ticket Holders, are age 18 through 64 and receive Disability Insurance and/or SSI payments based on a disability that creates an impediment to work. A beneficiary's participation in the Program is voluntary and free. The beneficiary can choose if, when, and where to use the Ticket with any approved Employment Network (EN) or State Vocational Rehabilitation agency (SVRA).

An EN is an entity that enters into an agreement with SSA to either provide or coordinate the delivery of services to disabled beneficiaries. An EN can be an individual, a partnership/alliance (public or private), or a consortium of organizations collaborating to combine resources to serve eligible individuals. SVRAs can choose to serve beneficiaries under the traditional Vocational Rehabilitation Cost Reimbursement (CR) program or as an EN. SVRAs that choose to function as ENs are referred to as Vocational Rehabilitation Employment Networks (VREN).

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<sup>1</sup> Pub. L. No. 106-170 § 101(a).

<sup>2</sup> *Social Security Act* § 1148, 42 U.S.C. § 1320b-19.

<sup>3</sup> 20 C.F.R. § 411.105.

<sup>4</sup> We use the term “beneficiary” generically in this report to refer to both Disability Insurance beneficiaries and SSI recipients.

When a beneficiary and an EN or SVRA agree to work together, they develop a service plan to address that person's needs; the provider notifies the Ticket Program Manager for the Ticket Program; and, if the plan is approved, the Ticket is assigned to that EN or SVRA. ENs and SVRAs are eligible for payments when the beneficiaries they serve achieve defined milestones and outcomes regarding work and earnings.

## Payment Systems

Under the Outcome Payment System, an EN can submit a request for payment when a Ticket Holder's earnings meet or exceed the amount SSA designates annually as Substantial Gainful Activity (SGA),<sup>5</sup> and the Ticket Holder is no longer eligible for a Federal monthly disability check. The Milestone/Outcome Payment System offers two sets of milestone payments in addition to a set of outcome payments. Milestone payments offer ENs some financial compensation before benefit cessation. This creates a financial incentive for ENs to work with beneficiaries who might take longer to achieve earnings high enough to result in the cessation of disability benefits.

Under the CR program, SSA reimburses SVRAs when beneficiaries they serve enter the workforce and achieve 9 continuous months of earnings. The earnings must be at or above the SGA level.<sup>6</sup>

## Revised Ticket Program Regulations

While the Ticket Program initially increased the proportion of beneficiaries who received employment services, it did not affect beneficiary employment, earnings, or benefit eligibility. Also, many beneficiaries still had little or no choice of employment service providers. The vast majority of beneficiaries assigned their Tickets to SVRAs and received the same kinds of services from the agencies that were available before the Ticket Program's implementation. The SVRAs were required to accept a beneficiary's Ticket to be reimbursed for their costs of serving these beneficiaries.<sup>7</sup>

In July 2008, SSA implemented revised Ticket Program regulations to improve the Program's overall effectiveness and maximize beneficiaries' economic self-sufficiency through work opportunities. Specifically, the regulations were revised to encourage more providers to participate by making the Program more financially attractive and reflecting a more flexible

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<sup>5</sup> A person who is earning more than a certain monthly amount (net of impairment-related work expenses) is ordinarily considered to be engaging in SGA. The monthly SGA amount for statutorily blind individuals for 2016 is \$1,820. For non-blind individuals, the monthly SGA amount for 2016 is \$1,130.

<sup>6</sup> Under certain circumstances, the 9 months of SGA-level earnings may be within a 10- or 12-month period. SSA, POMS, DI 55060.005 (December 2, 2014) and SSA, POMS, DI 13510.001 (May 12, 1999) provide additional information on the payment systems and continuous periods of SGA.

<sup>7</sup> Mathematica Policy Research, *Ticket to Work After the Release of the 2008 Revised Regulations: Progress and Prospects*, p. 1, September 2012 [hereinafter *Ticket to Work*].

return-to-work concept.<sup>8</sup> The regulations introduced more milestone payments, including payments for clients working at lower levels of earnings than before, and increased the total value of potential payments.<sup>9</sup> The new regulations also removed the requirement that SVRAs accept Tickets to receive payments under the traditional CR payment system.<sup>10</sup> Finally, an option called Partnership Plus allowed beneficiaries to use SVRA services under the traditional payment system and subsequently assign their Ticket to an EN.<sup>11</sup>

## EVALUATION OF THE TICKET PROGRAM

The Ticket Program has been evaluated several times. In 2013, Mathematica Policy Research (Mathematica) completed a multi-year evaluation of the Program. The Government Accountability Office (GAO) assessed the Program in 2011, and we assessed it in 2008.

### Mathematica Policy Research

The law that established the Ticket Program mandated that SSA independently evaluate the Program and report to Congress periodically during the first several years after its implementation.<sup>12</sup> In 2003, SSA contracted with Mathematica to conduct the evaluation. Mathematica released seven reports from February 2004 to July 2013.

“...rigorous impact analysis failed to provide strong evidence of its impact on employment.”

In the executive summary of the seventh evaluation report,<sup>13</sup> Mathematica concluded the Ticket Program had a limited, but positive, effect on the employment of disabled Social Security beneficiaries and motivated some beneficiaries to pursue employment. It reported that, while relatively few beneficiaries were still enrolled in employment support programs through the Ticket Program, those who used the employment services had better employment outcomes and were more likely to stop

receiving benefits than those who did not. However, Mathematica also concluded that, while it found evidence that the Ticket Program targeted beneficiaries interested in employment, a “... rigorous impact analyses failed to provide strong evidence of its impact on employment.”<sup>14</sup>

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<sup>8</sup> Id.

<sup>9</sup> Mathematica Policy Research, *Participant and Provider Outcomes Since the Inception of Ticket to Work and the Effects of the 2008 Regulatory Changes*, p. 7, July 2013 [hereinafter *Participant and Provider Outcomes*].

<sup>10</sup> *Ticket to Work*, *supra*, at 2.

<sup>11</sup> *Participant and Provider Outcomes*, *supra*, at 8.

<sup>12</sup> *Social Security Act* § 1148, 42 U.S.C. 1320b-19(h)(5)(C).

<sup>13</sup> Mathematica Policy Research, *Executive Summary of the Seventh Ticket to Work Evaluation Report*, p. 1, July 2013 [hereinafter *Executive Summary*].

<sup>14</sup> Id. at 21.



It further reported that the research confirmed earlier findings that the Ticket Program had a positive impact on beneficiaries enrolling for employment services, but there was no consistent evidence that the Ticket Program affected beneficiaries' employment status or benefit receipt.<sup>15</sup>

“Many successful participants might have been equally successful without SSA-financed services or with services provided by an SVRA under the payment system that predated the Ticket to Work Program.”

While Mathematica conducted its analysis for the period before the revised regulations were implemented, it noted the evidence available suggested the Ticket Program under the new regulations did not appear to produce better outcomes.<sup>16</sup> It also noted that the implementation of the 2008 regulatory changes coincided with the 2007 through 2009 recession and that the analysis did not distinguish the effects of the Ticket Program changes from those of the recession.<sup>17</sup>

Mathematica's final report stated that the extent to which SSA's expanded investment in the Ticket Program was paying off in terms of increased beneficiary earnings and reduced Government expenditures was unknown. While the annual earnings and reduced benefit payments due to

Ticket Program participants' work activity were measurable, the authors did not know what the participants' earnings and benefit outcomes would have been absent the Ticket Program.<sup>18</sup> They concluded that many of the successful Ticket Program participants might have been equally successful working with an SVRA under the CR option—the type of service that was in place before the Ticket Program was implemented.

## Government Accountability Office

In May 2011, GAO released the report, *Ticket to Work Participation Has Increased, but Additional Oversight Needed*.<sup>19</sup> GAO reported that, while more Ticket Holders and ENs participated in the Ticket Program after SSA revised the Program's regulations in 2008, the Program's overall participation rate remained low.<sup>20</sup> GAO found that the number of, and payments to, ENs increased after the 2008 regulations were implemented, but that only 20 ENs received the majority of total Ticket Payments from SSA.<sup>21</sup>

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<sup>15</sup> Id.

<sup>16</sup> Id.

<sup>17</sup> Id. at 15.

<sup>18</sup> *Participant and Provider Outcomes, supra*, at 69.

<sup>19</sup> GAO, GAO-11-324, *Ticket to Work Participation has Increased, but Additional Oversight Needed*, May 6, 2011.

<sup>20</sup> Id. at 11.

<sup>21</sup> Id. at 13.

The 2008 regulatory changes allowed ENs to pay Ticket Holders directly. GAO found that an increasing number of ENs used service approaches that shared SSA's Ticket Payments with the Ticket Holders and targeted those already working or ready to work.<sup>22</sup> GAO reported that three ENs with some of the largest payment amounts from SSA reported providing limited or no direct services beyond passing back a portion of Ticket Payments to Ticket Holders who had sufficient earnings to qualify the ENs for payment from SSA. The three ENs received nearly one-third of all the payments SSA made to ENs in Fiscal Year (FY) 2009.<sup>23</sup> GAO reported that two of these ENs passed back 75 percent of SSA's payments to the Ticket Holder and kept 25 percent of the payments.<sup>24</sup>

Finally, GAO reported that SSA had not consistently monitored or enforced Ticket Holders' progress toward self-supporting employment.<sup>25</sup> As Ticket Holders who show progress are generally exempt from medical reviews to determine their continued eligibility for benefits, GAO concluded SSA's lack of monitoring could have program integrity and cost implications. For example, ineligible beneficiaries could continue receiving benefits without SSA's knowledge.<sup>26</sup> GAO noted that SSA had resumed the progress reviews<sup>27</sup> when GAO conducted its audit, but that it was too early to assess the effectiveness of SSA's efforts.<sup>28</sup>

## Prior Office of the Inspector General Report

Our August 2008 report on the *Ticket to Work and Self-Sufficiency Program Cost Effectiveness*<sup>29</sup> determined whether the disabled beneficiaries who participated in the Ticket Program and for whom SSA made a Ticket Payment to an EN or SVRA in FY 2005 had work activity over a 27-month period (October 2004 through December 2006). To help further demonstrate the

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<sup>22</sup> Id. at 17.

<sup>23</sup> Id. at 17 and 18.

<sup>24</sup> Id. at 18.

<sup>25</sup> Id. at 25.

<sup>26</sup> Id. at 36.

<sup>27</sup> SSA reported to us additional actions it took since GAO issued its report. Per SSA, in June 2015, it started conducting comprehensive in-person reviews of EN performance to ensure ENs were adhering to the terms of their Blanket Purchase Agreements and were providing the services to which they agreed in the Individual Work Plans. SSA ultimately expects to review all ENs. SSA uses these reviews to evaluate the level of service ENs provide and provide reports to the ENs with its recommendations for improvements. In addition, SSA has implemented a new service model for SSA staff overseeing ENs. Staff is assigned to ENs by State and the staff maintains a higher level of contact with the ENs that includes offering additional training and other guidance. SSA is also developing new procedures for ENs to report wages for their clients. Finally, SSA is modifying the Blanket Purchase Agreement all ENs must sign to include guidance on minimum EN performance with respect to Ticket Payments and adherence to agreement requirements.

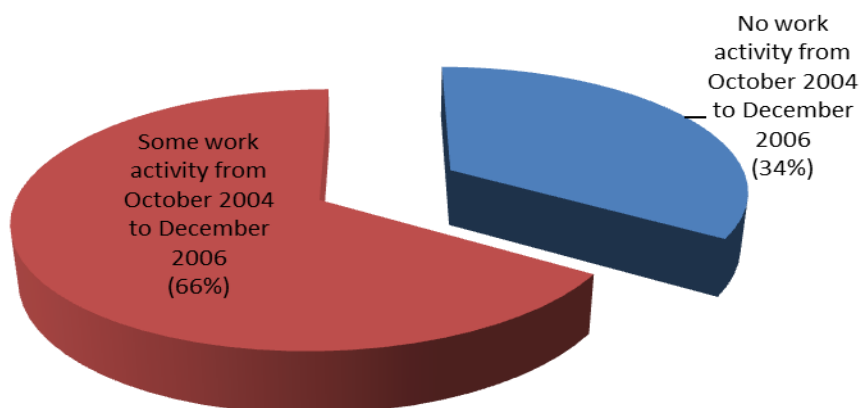
<sup>28</sup> Id. at 27 and 28.

<sup>29</sup> SSA OIG, *Ticket to Work and Self-Sufficiency Program Cost Effectiveness* (A-02-07-17048), August 2008 [hereinafter *Cost Effectiveness*].

Ticket Program's effects, we also compared the work activity for beneficiaries who participated in the Ticket Program to disabled beneficiaries who received vocational services from SVRAs but did not participate in the Ticket Program.<sup>30</sup>

We concluded that SSA made a Ticket Payment in FY 2005 for approximately 3,800 of the 10 million disabled beneficiaries, less than one-tenth of 1 percent, who had received a Ticket by the beginning of FY 2005.<sup>31</sup> The 3,800 beneficiaries who participated in the Ticket Program appeared to have limited success in maintaining economic self-sufficiency. For example, 1,165 of the beneficiaries did not have earnings from work activity from October 2004 to December 2006<sup>32</sup> (see Figure 1).

**Figure 1: Work Activity for Ticket to Work Participants with a Ticket Program-related Payment in FY 2005<sup>33</sup>**



Of the remaining two-thirds who had earnings for at least some of these months, half were not employed as of December 2006. The disabled beneficiaries we reviewed who received vocational services outside the Ticket Program showed a similar work pattern. Specifically, the

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<sup>30</sup> *Id.* at 3.

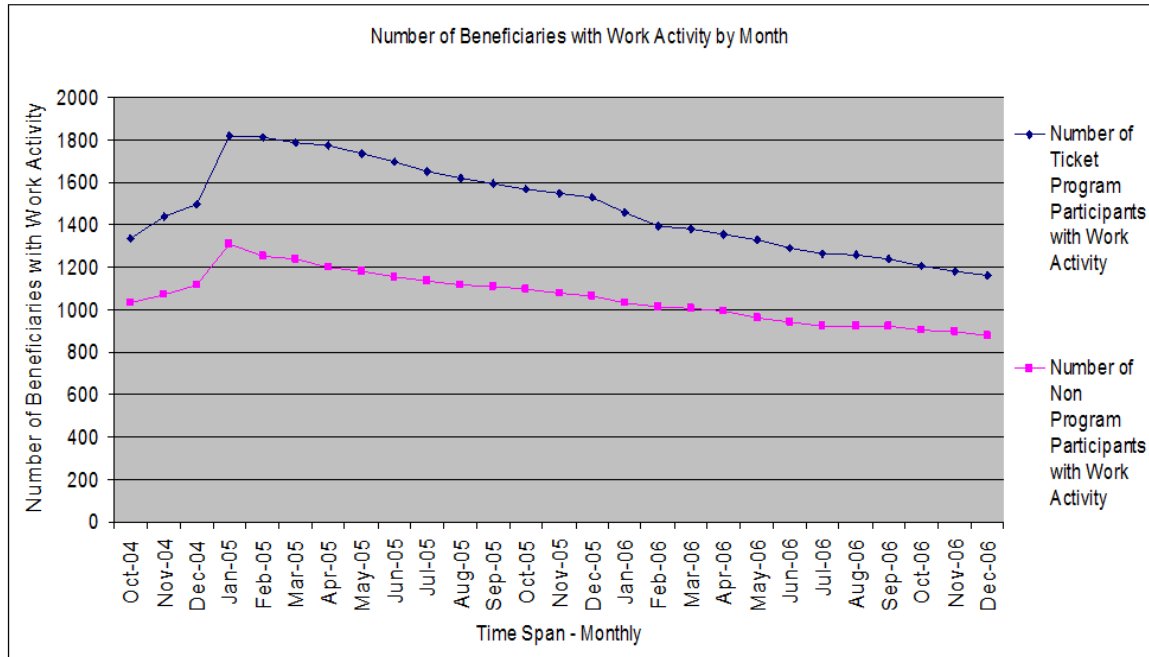
<sup>31</sup> Based on 10,050,317 tickets mailed as of October 18, 2004. SSA reported to us that, in FY 2015, the Agency made a Ticket payment for 14,623 of the 91,413 beneficiaries who had a Ticket assignment with an EN in that year. (Per SSA, this does not include cost reimbursement payments in FY 2015 made on behalf of beneficiaries who used their Ticket with a SVRA.)

<sup>32</sup> *Cost Effectiveness, supra*, at 4.

<sup>33</sup> We were able to complete our analysis of economic self-sufficiency for 3,430 of the 3,829 beneficiaries who participated in the Ticket Program and for whom SSA made a Ticket Program-related payment to an EN or SVRA in FY 2005. We were unable to obtain all the required records necessary for 399 of the beneficiaries due to incomplete records in some of the databases used to complete our analyses.

percentage of beneficiaries who had earnings on their records after receiving vocational services decreased over time for both groups (see Figure 2).<sup>34</sup>

**Figure 2: Number of Beneficiaries with Work Activity by Month**



We found that the Ticket Program participants generated savings because of their work activity, but the potential for continued savings lessened over time because fewer beneficiaries continued working. Also, our analysis of the outcomes for the Ticket Program participants indicated that the Ticket Program generated a similar rate of savings to SSA, when compared to non-Program participants, but the Ticket Program generated additional annual costs for SSA.<sup>35</sup>

## TICKET PROGRAM OUTCOMES

SSA provided us information on the number of service providers available to Ticket Holders, the number of Ticket Holders who placed their Ticket in-use at an SVRA or assigned them to an EN, and the number of Ticket Holders who returned to work after placing their Ticket in-use at a SVRA or assigning them to an EN.

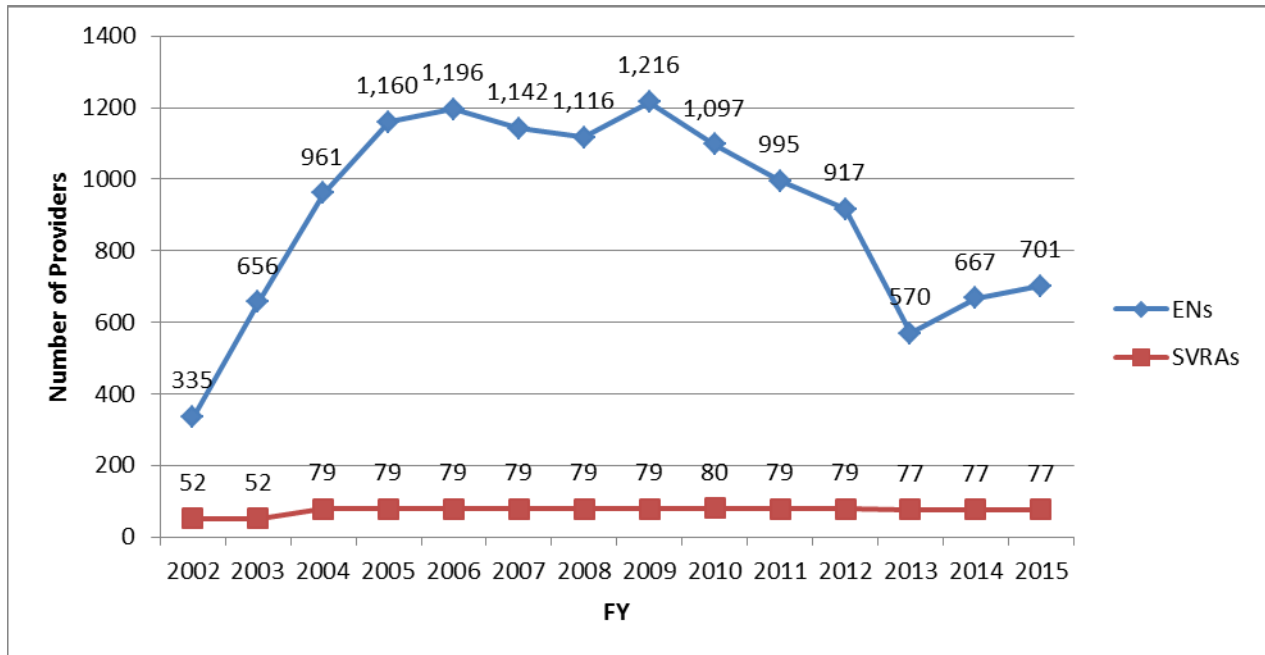
<sup>34</sup> *Cost Effectiveness, supra*, at 4.

<sup>35</sup> *Id.* at 7.

## Service Providers

One purpose of the Ticket Program was to expand the universe of employment and vocational rehabilitation service providers available to disabled beneficiaries. The number of service providers available to Ticket Holders has fluctuated since the Ticket Program was implemented (see Figure 3).

**Figure 3: The Number of ENs and SVRAs Available to Ticket Holders**



While the number of service providers has fluctuated, the number of disabled beneficiaries who have been assigned Tickets or put them in-use with service providers has increased over time. SVRAs have continually served the majority of Ticket Holders and the number of beneficiaries who sought employment and vocational rehabilitation services has been small when compared to the overall population of Ticket Holders. Table 1 shows the rate of Ticket Assignment in the last 5 years. (See Table B-1 in Appendix B for the rate of Ticket Assignments for all the years since Ticket Program implementation.)

**Table 1: Disabled Beneficiaries with Tickets Assigned or Tickets In-Use, FYs 2011 Through 2015<sup>36</sup>**

| FY   | Number of Ticket Eligible Disabled Beneficiaries | Tickets In-Use with an SVRA under CR Option | Tickets Assigned to a VREN | Tickets Assigned to an EN | Total Tickets In-use or Assigned | Percentage of Ticket Eligible Disabled Beneficiaries with Tickets Assigned or In-use |
|------|--------------------------------------------------|---------------------------------------------|----------------------------|---------------------------|----------------------------------|--------------------------------------------------------------------------------------|
| 2011 | 13,548,403                                       | 280,554                                     | 16,783                     | 48,882                    | 346,219                          | 2.56                                                                                 |
| 2012 | 14,261,188                                       | 379,697                                     | 21,434                     | 48,029                    | 449,160                          | 3.15                                                                                 |
| 2013 | 14,608,257                                       | 326,196                                     | 26,032                     | 52,520                    | 404,748                          | 2.77                                                                                 |
| 2014 | 14,790,055                                       | 331,016                                     | 29,383                     | 55,458                    | 415,857                          | 2.81                                                                                 |
| 2015 | 14,872,531                                       | 345,200                                     | 31,784                     | 59,629                    | 436,613                          | 2.94                                                                                 |

## Return to Work

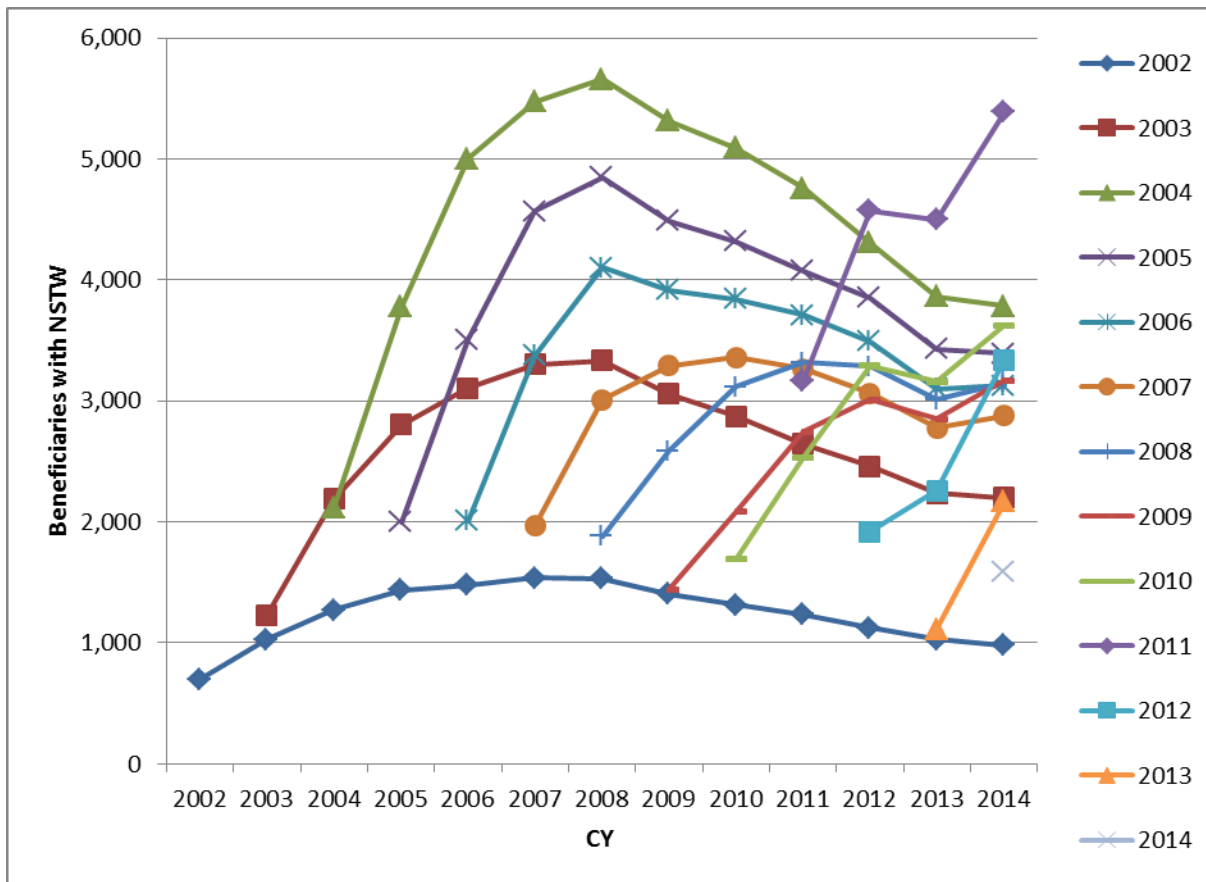
SSA provided us information on the number of Ticket Holders whose benefits or payments had been suspended or terminated because of work activity since the Ticket Program was implemented. Specifically, SSA provided the number of beneficiaries who were in a non-pay status because of suspension or termination for work (NSTW).

The number of beneficiaries who had their benefits suspended or terminated based on work activity initially increased in the years following Ticket Assignment but generally decreased over time. For example, 1,501 of the 38,811 beneficiaries who assigned their Tickets in Calendar Year (CY) 2003 had at least 1 month of NSTW in that year. The number of these beneficiaries with 1 month of NSTW increased to 3,893 in CY 2008 but decreased to 2,521 in CY 2014.

However, the number of beneficiaries who had at least 1 month of NSTW increased in CY 2014 after initially increasing and then decreasing in some years before CY 2014. For example, 2,229 of the 58,322 beneficiaries who assigned their Tickets in CY 2007 had at least 1 month of NSTW in that year. The number of these beneficiaries with at least 1 month of NSTW peaked at 3,787 in CY 2010, decreased to 3,102 in CY 2013, and then increased to 3,194 in CY 2014 (see Figure 4). Also, see Table B–2 in Appendix B for the number of beneficiaries with NSTW by year for all the years of Ticket Program implementation. We asked SSA why the numbers increased in CY 2014 after declining in previous years, but the Agency responded that it did not have an explanation for the increase.

<sup>36</sup> Beneficiaries were counted as having assigned or placed their Tickets in-use if their Tickets were assigned or in-use for at least 1 day in the FY. As beneficiaries can assign, unassign, and then reassign their Tickets, the same beneficiary may be counted more than once in the table.

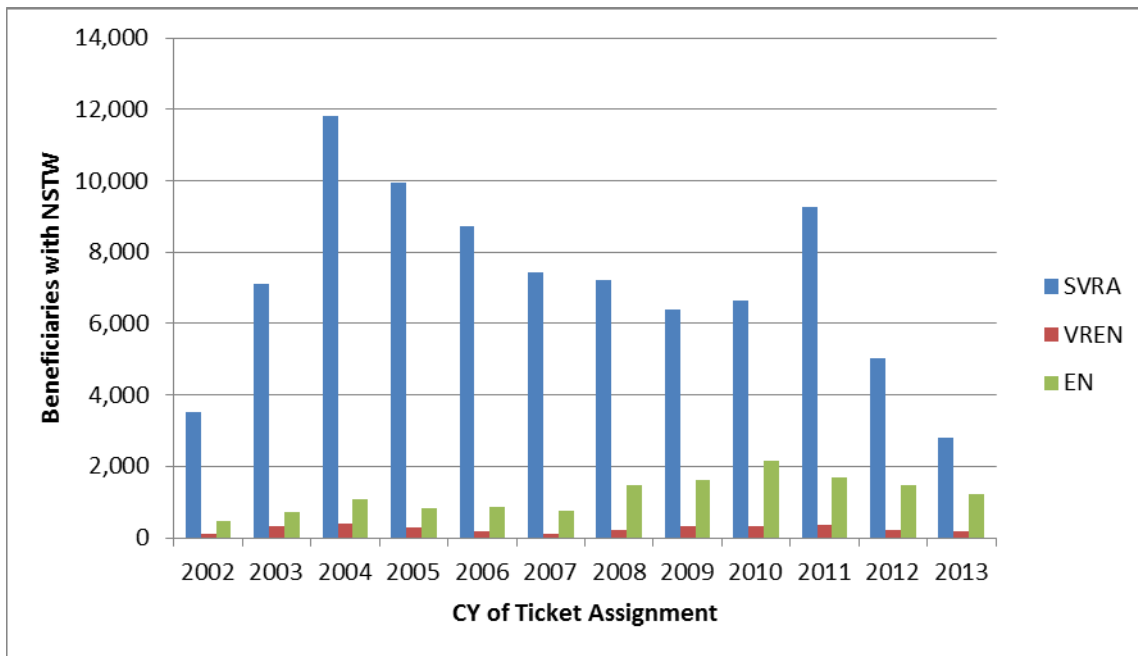
**Figure 4: Ticket Holders' Work Activity from 2002 Through 2014, Measured by NSTW by CY of Ticket Assignment<sup>37</sup>**



A majority of the beneficiaries who had any months of NSTW in CYs 2002 through 2013 received services through an SVRA under the CR option (see Figure 5). (Also, see Table B-3 in Appendix B for the number of Ticket Holders with work activity by CY and service provider type.)

<sup>37</sup> SSA defined the assignment cohorts using the year of the most recent Ticket assignment. Each beneficiary appears once, in the year he/she first achieved NSTW following Ticket assignment. Suspense or termination for work is based on the NSTW variables indicating nonpayment status (no cash benefit due) following suspension or termination of benefits because of work. Concurrent beneficiaries must be suspended or terminated because of work in one program and not in current pay in the other program to be considered suspended or terminated for work. Beneficiaries are not necessarily working in every month counted as an NSTW month; in months following their suspension or termination for work, we know only that the beneficiary had left current pay status because of work and that they have not returned to current pay status, reached their full retirement age, or died.

**Figure 5: Number of Ticket Holders with Work Activity by CY of Ticket Assignment and Service Provider Type**



## TICKET PROGRAM COSTS AND SAVINGS

SSA incurred costs through payments to contractors that helped manage the Ticket Program and through payments to SVRAs and ENs to reimburse them for services to Ticket Holders. SSA measured savings through benefits not paid to beneficiaries who returned to work after they placed their Tickets in-use with an SVRA or assigned them to an EN.

### Costs

The *Ticket to Work and Work Incentives Improvement Act of 1999* authorized SSA to contract with one or more program managers to assist the Agency in administering the Ticket Program.<sup>38</sup> SSA has contracted with multiple program managers to manage and promote the Ticket Program.

- SSA contracted with one program manager primarily to manage the Ticket Program and the Ticket Program Data Operations Center needed to sustain Ticket Program operations.
- SSA contracted with a Program Manager for Recruitment and Outreach (PMRO) to perform outreach activities to encourage and facilitate beneficiary participation in the Ticket Program and to recruit service providers to serve those beneficiaries as ENs.

<sup>38</sup> *Social Security Act* § 1148, 42 U.S.C. 1320b-19(d)(1).



- SSA contracted with a vendor to serve as the Ticket Program Manager for Beneficiary Access and Support Services (BASS) to provide support for beneficiaries to encourage and facilitate beneficiary participation in the Ticket Program.

See Table 2 for the FY breakdown of the costs of program manager contracts.

**Table 2: Ticket Program Manager Contract Costs<sup>39</sup>**

| FY           | Funds Paid to Ticket Program Manager | Funds Paid to PMRO  | Funds Paid to Ticket Program for BASS | Total by FY          |
|--------------|--------------------------------------|---------------------|---------------------------------------|----------------------|
| 2000         | \$12,392,343                         | -                   | -                                     | \$12,392,343         |
| 2001         | -                                    | -                   | -                                     | -                    |
| 2002         | 14,027,617                           | -                   | -                                     | 14,027,617           |
| 2003         | 15,097,050                           | -                   | -                                     | 15,097,050           |
| 2004         | 9,395,121                            | -                   | -                                     | 9,395,121            |
| 2005         | 11,792,370                           | -                   | -                                     | 11,792,370           |
| 2006         | 8,931,768                            | \$2,631,244         | -                                     | 11,563,012           |
| 2007         | 9,487,533                            | 3,511,057           | -                                     | 12,998,590           |
| 2008         | 12,445,651                           | 5,782,663           | -                                     | 18,228,314           |
| 2009         | 13,081,198                           | 5,431,532           | -                                     | 18,512,730           |
| 2010         | 14,769,552                           | 4,236,540           | \$8,497,800                           | 27,503,892           |
| 2011         | 14,687,969                           | -                   | 8,070,326                             | 22,758,295           |
| 2012         | 11,716,093                           | -                   | 11,139,236                            | 22,855,329           |
| 2013         | 12,208,429                           | -                   | 12,590,226                            | 24,798,655           |
| 2014         | 7,946,115                            | -                   | 4,598,152                             | 12,544,267           |
| 2015         | 22,743                               | -                   | -                                     | 22,743               |
| <b>Total</b> | <b>\$168,001,552</b>                 | <b>\$21,593,036</b> | <b>\$44,895,740</b>                   | <b>\$234,490,328</b> |

SSA also contracted with Mathematica and paid it over \$39.2 million to evaluate the Program and develop and construct annual Ticket Research Files and National Beneficiary Surveys.

<sup>39</sup> The program manager contracts were cost-type contracts that were incrementally funded. Therefore, a program manager did not receive funds in 2001 because the contracting officer previously obligated funds when the contract was awarded on September 29, 2000. That obligation covered estimated costs during the “phase-in” period, which included 2001.

Beneficiaries who assign their Tickets and are making timely progress toward self-supporting employment are protected against the initiation of a medical continuing disability review (CDR).<sup>40</sup> The deferred CDRs are a cost to SSA. This is the cost of continuing benefit payments to beneficiaries who, but for their participation in the Ticket Program, might be determined no longer disabled and have their benefits terminated. SSA estimated in the May 20, 2008 *Federal Register*<sup>41</sup> that the cost of CDR deferrals would be \$287 million over a 10-year period. We asked SSA whether it had determined the actual costs of CDR deferrals for Ticket Program participants since the implementation of the Ticket Program and SSA replied that it did not have such data.

Finally, SSA paid SVRAs and ENs for the services provided to beneficiaries as part of the Ticket Program (see Table 3).

**Table 3: Payments Made by SSA to SVRAs and ENs for Services Provided to Ticket Holders**

| FY           | Payments Made to SVRAs Under the CR Option | Payments Made to VRENs | Payments Made to ENs | Total                  |
|--------------|--------------------------------------------|------------------------|----------------------|------------------------|
| 2002         | \$131,014,755                              | -                      | \$3,924              | \$131,018,679          |
| 2003         | 84,568,303                                 | \$31,544               | 214,920              | 84,814,767             |
| 2004         | 85,172,425                                 | 117,402                | 631,726              | 85,921,553             |
| 2005         | 75,635,940                                 | 382,613                | 1,702,756            | 77,721,309             |
| 2006         | 105,049,203                                | 671,055                | 2,293,520            | 108,013,778            |
| 2007         | 90,263,130                                 | 873,711                | 2,768,640            | 93,905,481             |
| 2008         | 124,238,549                                | 1,239,937              | 4,360,797            | 129,839,283            |
| 2009         | 122,268,833                                | 1,603,774              | 10,874,474           | 134,747,081            |
| 2010         | 105,964,399                                | 3,086,394              | 15,299,037           | 124,349,830            |
| 2011         | 72,991,906                                 | 4,431,065              | 21,223,022           | 98,645,993             |
| 2012         | 78,768,058                                 | 3,898,956              | 24,495,765           | 107,162,779            |
| 2013         | 138,260,585                                | 5,306,964              | 24,721,345           | 168,288,894            |
| 2014         | 141,449,760                                | 12,397,789             | 28,878,549           | 182,726,098            |
| 2015         | 187,835,165                                | 10,061,363             | 39,258,767           | 237,155,295            |
| <b>Total</b> | <b>\$1,543,481,011</b>                     | <b>\$44,102,567</b>    | <b>\$176,727,242</b> | <b>\$1,764,310,820</b> |

As the majority of Ticket Holders placed their Tickets in-use with SVRAs, SVRAs received the majority of payments from SSA.

<sup>40</sup> *Social Security Act* § 1148, 42 U.S.C. 1320b-19(i).

<sup>41</sup> *Amendments to the Ticket To Work and Self-Sufficiency Program*, 73 Fed. Reg. 29,324, May 20, 2008 (codified at 20 C.F.R. pt. 411).

## Savings

SSA provided information on the estimated amount of benefits or payments not paid to beneficiaries because of work activity in the years following their Ticket assignment or benefits forgone for work (BFW) (see Table 4).

**Table 4: BFW by CY of Ticket Assignment<sup>42</sup>**

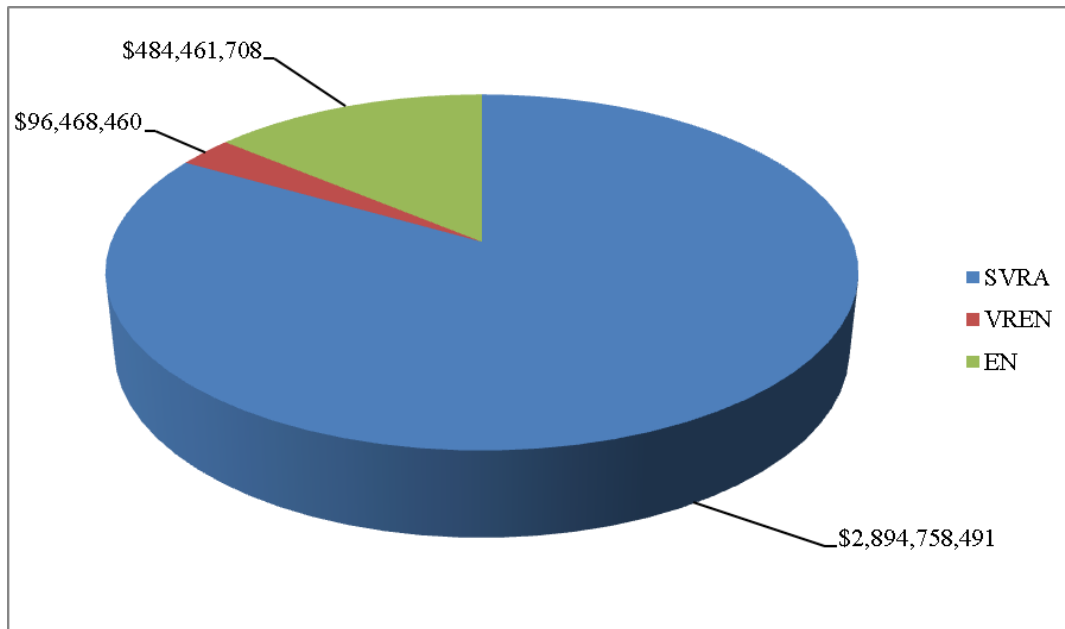
| CY of Most Recent Ticket Assignment <sup>43</sup> | Number of Ticket Assignments | Total BFW in Years Following Ticket Assignment |
|---------------------------------------------------|------------------------------|------------------------------------------------|
| <b>2002</b>                                       | 22,338                       | \$185,861,308                                  |
| <b>2003</b>                                       | 38,811                       | 372,729,923                                    |
| <b>2004</b>                                       | 65,702                       | 578,018,261                                    |
| <b>2005</b>                                       | 56,178                       | 456,304,741                                    |
| <b>2006</b>                                       | 57,195                       | 379,805,886                                    |
| <b>2007</b>                                       | 58,322                       | 296,821,201                                    |
| <b>2008</b>                                       | 67,876                       | 285,705,352                                    |
| <b>2009</b>                                       | 72,738                       | 232,569,837                                    |
| <b>2010</b>                                       | 85,930                       | 224,523,166                                    |
| <b>2011</b>                                       | 153,645                      | 256,606,331                                    |
| <b>2012</b>                                       | 103,270                      | 120,903,403                                    |
| <b>2013</b>                                       | 100,577                      | 59,518,648                                     |
| <b>2014</b>                                       | 109,867                      | 26,374,487                                     |
| <b>Total</b>                                      | <b>992,449</b>               | <b>\$3,475,742,544</b>                         |

Similar to Ticket assignment and work activity, beneficiaries who put their Tickets in-use with SVRAs under the CR option had the majority of savings because of BFW (see Figure 6).

<sup>42</sup> SSA defined the assignment cohorts using the year of most recent Ticket assignment. BFW is based on variables in the Disability Analysis File estimating the value of cash benefits that beneficiaries have forgone because they were working. For Disability Insurance beneficiaries, SSA assumed that BFW was equal to the cost-of-living-adjusted amount of the last monthly benefit due before benefits were suspended or terminated for work (based on the NSTW variable). For SSI recipients, BFW is the difference between what a month's benefit would have been in the absence of earned income and the benefit actually paid in that month (if any). SSA noted that it is difficult to estimate BFW accurately for SSI, but stated that its results provide a reasonable approximation of the cash benefits SSI recipients have forgone because of their work activity. Table 4 shows BFW in both programs for years following Ticket assignment.

<sup>43</sup> Earlier years of Ticket assignments have had more monthly opportunities to forgo benefit payments.

**Figure 6: BFW by Service Provider Type, CYs 2002 Through 2014**



While fewer beneficiaries assigned tickets to ENs and generated a lower amount of savings because of BFW, SSA reported that beneficiaries who assigned their Tickets to ENs had a higher average BFW than beneficiaries who assigned their Tickets to SVRAs (see Table 5).

**Table 5: Average BFW in CYs Following Ticket Assignment by Service Provider Type**

| CY of Most Recent Ticket Assignment | Average BFW for Beneficiaries Who Received Services from an SVRA Under CR Option | Average BFW for Beneficiaries Who Received Services from a VREN | Average BFW for Beneficiaries Who Received Services from an EN |
|-------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|
| 2002                                | \$7,815                                                                          | \$10,592                                                        | \$13,980                                                       |
| 2003                                | 9,028                                                                            | 11,214                                                          | 17,095                                                         |
| 2004                                | 8,357                                                                            | 9,180                                                           | 16,167                                                         |
| 2005                                | 7,721                                                                            | 8,835                                                           | 15,668                                                         |
| 2006                                | 6,135                                                                            | 5,235                                                           | 17,395                                                         |
| 2007                                | 4,796                                                                            | 3,571                                                           | 11,686                                                         |
| 2008                                | 3,851                                                                            | 3,404                                                           | 7,546                                                          |
| 2009                                | 2,819                                                                            | 3,267                                                           | 5,703                                                          |
| 2010                                | 2,290                                                                            | 1,998                                                           | 4,621                                                          |
| 2011                                | 1,547                                                                            | 1,358                                                           | 3,290                                                          |
| 2012                                | 1,051                                                                            | 813                                                             | 2,342                                                          |
| 2013                                | 522                                                                              | 424                                                             | 1,000                                                          |
| 2014                                | 207                                                                              | 170                                                             | 500                                                            |

## SUMMARY

Few Ticket-eligible beneficiaries used their Tickets to receive vocational or employment services. For example, less than 3 percent of Ticket-eligible beneficiaries assigned their Tickets or placed them in-use in FY 2015. Of those who used their Tickets, most placed them in-use with an SVRA under the CR option, the type of service that was in place before the Ticket Program was implemented.

SSA incurred significant costs to operate the Ticket Program. For example, SSA paid contractors over \$234 million to help manage the Program since its inception. SSA will incur similar costs to help manage the Program in the future.

SSA reported significant savings attributed to the suspension or termination of beneficiaries' payments after they assigned or placed their Tickets in-use. Most savings were attributed to beneficiaries who placed their Tickets in-use with an SVRA. However, SSA reported that beneficiaries who assigned their Tickets to ENs had higher average dollar savings than those who placed their Tickets in-use with an SVRA under the CR option.

While the savings estimates are encouraging, ENs decide whether to work with each beneficiary and may choose to accept those more likely to return to work or to have higher earnings once they return to work. In fact, GAO found that an increasing number of ENs used service approaches that targeted those who were already working or ready to work. Also, Mathematica's independent evaluation failed to provide strong evidence of the Ticket Program's impact on employment and concluded that many successful Program participants may have been equally successful without SSA-financed services or with services provided by an SVRA under the payment system that predated the Ticket Program.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed the *Ticket to Work and Work Incentives Improvement Act of 1999* (Pub. L. No. 106-170),<sup>1</sup> which established the Ticket to Work and Self-Sufficiency Program (Ticket Program).
- Reviewed evaluations of the Ticket Program, including evaluations completed by Mathematica, the Government Accountability Office, and the Social Security Administration’s Office of the Inspector General.
- Reviewed information and statistics on the outcomes and costs of the Ticket Program provided by the Agency.

We conducted our review from April through August 2016 in New York, New York. The principal entity reviewed was the Office of Retirement and Disability Policy, Office of Research, Demonstration, and Employment Support. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*.

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<sup>1</sup> *Social Security Act* § 1148, 42 U.S.C. 1320b-19.

## Appendix B – TABLES

**Table B-1: Disabled Beneficiaries with Tickets Assigned or Tickets In-Use<sup>1</sup>**

| FY   | Number of Ticket Eligible Disabled Beneficiaries | Tickets In-Use with a SVRA under CR Option | Tickets Assigned to a VREN | Tickets Assigned to an EN | Total Tickets In-Use or Assigned | Percentage of Ticket Eligible Disabled Beneficiaries with Tickets Assigned or In-Use |
|------|--------------------------------------------------|--------------------------------------------|----------------------------|---------------------------|----------------------------------|--------------------------------------------------------------------------------------|
| 2002 | 2,625,915                                        | 17,712                                     | 333                        | 1,616                     | 19,661                           | 0.75                                                                                 |
| 2003 | 5,689,582                                        | 48,657                                     | 1,516                      | 4,169                     | 54,342                           | 0.96                                                                                 |
| 2004 | 9,858,420                                        | 112,801                                    | 3,270                      | 7,370                     | 123,441                          | 1.25                                                                                 |
| 2005 | 10,467,430                                       | 155,595                                    | 4,551                      | 9,726                     | 169,872                          | 1.62                                                                                 |
| 2006 | 10,782,206                                       | 190,030                                    | 5,460                      | 11,620                    | 207,110                          | 1.92                                                                                 |
| 2007 | 11,070,005                                       | 216,144                                    | 6,088                      | 13,458                    | 235,690                          | 2.13                                                                                 |
| 2008 | 11,565,153                                       | 236,110                                    | 6,985                      | 18,231                    | 261,326                          | 2.26                                                                                 |
| 2009 | 12,326,492                                       | 248,648                                    | 9,717                      | 27,803                    | 286,168                          | 2.32                                                                                 |
| 2010 | 12,913,474                                       | 266,097                                    | 12,597                     | 37,698                    | 316,392                          | 2.45                                                                                 |
| 2011 | 13,548,403                                       | 280,554                                    | 16,783                     | 48,882                    | 346,219                          | 2.56                                                                                 |
| 2012 | 14,261,188                                       | 379,697                                    | 21,434                     | 48,029                    | 449,160                          | 3.15                                                                                 |
| 2013 | 14,608,257                                       | 326,196                                    | 26,032                     | 52,520                    | 404,748                          | 2.77                                                                                 |
| 2014 | 14,790,055                                       | 331,016                                    | 29,383                     | 55,458                    | 415,857                          | 2.81                                                                                 |
| 2015 | 14,872,531                                       | 345,200                                    | 31,784                     | 59,629                    | 436,613                          | 2.94                                                                                 |

<sup>1</sup> Beneficiaries are counted as having assigned or placed their Tickets in-use if their Tickets were assigned or in-use for at least 1 day in the FY. As beneficiaries can assign, unassign, and then reassign their Tickets, the same beneficiary may be counted more than once in the table.



**Table B–2: Ticket Holders’ Work Activity from 2002 Through 2014, Measured by NSTW by Calendar Year of Ticket Assignment<sup>2</sup>**

| CY                                         | 2002         | 2003         | 2004          | 2005          | 2006         | 2007         | 2008         | 2009         | 2010         | 2011          | 2012         | 2013         | 2014         |
|--------------------------------------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| <b>Number of Ticket Assignments</b>        | 22,338       | 38,811       | 65,702        | 56,178        | 57,195       | 58,322       | 67,876       | 72,738       | 85,930       | 153,645       | 103,270      | 100,577      | 109,867      |
| <b>Number with 1 Month or More of NSTW</b> |              |              |               |               |              |              |              |              |              |               |              |              |              |
| <b>2002</b>                                | 844          | —            | —             | —             | —            | —            | —            | —            | —            | —             | —            | —            | —            |
| <b>2003</b>                                | 1,286        | 1,501        | —             | —             | —            | —            | —            | —            | —            | —             | —            | —            | —            |
| <b>2004</b>                                | 1,544        | 2,671        | 2,477         | —             | —            | —            | —            | —            | —            | —             | —            | —            | —            |
| <b>2005</b>                                | 1,713        | 3,367        | 4,464         | 2,274         | —            | —            | —            | —            | —            | —             | —            | —            | —            |
| <b>2006</b>                                | 1,761        | 3,682        | 5,803         | 4,066         | 2,292        | —            | —            | —            | —            | —             | —            | —            | —            |
| <b>2007</b>                                | 1,814        | 3,867        | 6,316         | 5,246         | 3,965        | 2,229        | —            | —            | —            | —             | —            | —            | —            |
| <b>2008</b>                                | 1,787        | 3,893        | 6,476         | 5,512         | 4,801        | 3,487        | 2,418        | —            | —            | —             | —            | —            | —            |
| <b>2009</b>                                | 1,621        | 3,563        | 6,042         | 5,070         | 4,515        | 3,781        | 3,382        | 2,023        | —            | —             | —            | —            | —            |
| <b>2010</b>                                | 1,516        | 3,324        | 5,745         | 4,827         | 4,387        | 3,787        | 4,020        | 2,994        | 2,457        | —             | —            | —            | —            |
| <b>2011</b>                                | 1,404        | 3,050        | 5,356         | 4,519         | 4,181        | 3,658        | 4,180        | 3,795        | 3,839        | 3,894         | —            | —            | —            |
| <b>2012</b>                                | 1,274        | 2,828        | 4,836         | 4,269         | 3,933        | 3,435        | 4,070        | 4,061        | 4,765        | 5,738         | 2,610        | —            | —            |
| <b>2013</b>                                | 1,171        | 2,567        | 4,327         | 3,800         | 3,498        | 3,102        | 3,678        | 3,743        | 4,366        | 5,601         | 3,179        | 1,698        | —            |
| <b>2014</b>                                | 1,112        | 2,521        | 4,237         | 3,736         | 3,500        | 3,194        | 3,794        | 4,066        | 4,837        | 6,549         | 4,472        | 3,307        | 2,343        |
| <b>Any NSTW, 2002-2014</b>                 | <b>4,085</b> | <b>8,181</b> | <b>13,277</b> | <b>11,079</b> | <b>9,775</b> | <b>8,277</b> | <b>8,897</b> | <b>8,344</b> | <b>9,115</b> | <b>11,290</b> | <b>6,728</b> | <b>4,170</b> | <b>2,343</b> |

<sup>2</sup> SSA defined the assignment cohorts using the year of the most recent Ticket assignment. Each beneficiary appears once, in the year he/she first achieved NSTW following Ticket assignment. Suspense or termination for work is based on the NSTW variables indicating nonpayment status (no cash benefit due) following suspension or termination of benefits because of work. Concurrent beneficiaries must be suspended or terminated due to work in one program and not in current pay in the other program to be considered suspended or terminated for work. Beneficiaries are not necessarily working in every month counted as an NSTW month; in months following their suspension or termination for work, we know only that the beneficiary had left current pay status because of work and that they have not returned to current pay status, reached their full retirement age, or died.

**Table B-3: Ticket Holders' Work Activity from 2002-2014 by Service Provider Type**

| <b>CY of Most Recent Ticket Assignment</b>                                                     | <b>2002</b>  | <b>2003</b>  | <b>2004</b>   | <b>2005</b>   | <b>2006</b>  | <b>2007</b>  | <b>2008</b>  | <b>2009</b>  | <b>2010</b>  | <b>2011</b>   | <b>2012</b>  | <b>2013</b>  | <b>2014</b>  |
|------------------------------------------------------------------------------------------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| <b>Any NSTW, CY 2002-2014, Beneficiaries Who Received Services from a SVRA under CR Option</b> | 3,504        | 7,121        | 11,813        | 9,957         | 8,719        | 7,430        | 7,220        | 6,400        | 6,645        | 9,249         | 5,023        | 2,799        | 1,584        |
| <b>Any NSTW, CY 2002-2014, Beneficiaries Who Received Services from a VREN</b>                 | 115          | 337          | 382           | 279           | 196          | 108          | 216          | 340          | 308          | 346           | 229          | 164          | 69           |
| <b>Any NSTW, CY 2002-2014, Beneficiaries Who Received Services from an EN</b>                  | 466          | 723          | 1,082         | 843           | 860          | 739          | 1,461        | 1,602        | 2,162        | 1,694         | 1,476        | 1,207        | 690          |
| <b>Total</b>                                                                                   | <b>4,085</b> | <b>8,181</b> | <b>13,277</b> | <b>11,079</b> | <b>9,775</b> | <b>8,277</b> | <b>8,897</b> | <b>8,344</b> | <b>9,115</b> | <b>11,290</b> | <b>6,728</b> | <b>4,170</b> | <b>2,343</b> |

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