

Ticket to Work April 5, 2017 Presentation:

Building on the Ticket Program's Strengths.

My name is MJ Willard and I was invited to talk about the Ticket program from the perspective of an Employment Network, or EN. I'm affiliated with 4 ENs, which collectively hold about 5,000 Tickets. I serve as Executive Director of NTI which trains and places about 500 beneficiaries each year into home-based call center or tech support jobs. The other three ENs that I work with use the Client Directed Services, or CDS. That means for the most part they provide money for work related expenses after someone has landed a job on their own. Behind the Client Directed Services model is the rationale that if you are living paycheck to paycheck, extra money can help you keep your job by repairing your car when it breaks down, paying a babysitter if your mom can't watch the kids, or cover disability-related costs. And as everyone who works knows, it costs money to work.

Much of the 2008 Ticket regulations address in detail the dollar amount ENs can earn over what period of time based on the earning success of the clients they serve. The regulations are essentially laying out the incentive system for ENs.

For example, under the regulations if you hold a Ticket for Susie under an outcome payment plan, and Susie goes off benefits and earns above SGA for 3 years, your EN will receive roughly \$28,000 over 36 months or a similar amount spread over 60 months if Susie was on SSI. All payments are for the same amount across the 3-5 years. I'm going to propose that outcome payments be front loaded in an effort to more closely match the challenges confronted by Susie as she works to stay off benefits.

I base this recommendation on two studies and an assumption which can be verified by SSA. First, in 1991 SSA published a study by Scott Mueller who documented what happened to beneficiaries over a 10 year period who go off benefits. Turns out that about 66% go back on benefits. Of those that go back on benefits many make additional work attempts but only half of them will get off benefits for the long term. The other half will may make additional attempts but they will fail and remained on benefits for the 10 years that Mueller tracked them.

In 2010 David Stockton published a similar longitudinal study and found a similar pattern. His research showed that of those who went off benefits, 62% went back on.

The point is, getting off benefits doesn't mean Susie has reached the finish line, it just marks the next stage of the struggle. And there is a lot of struggling going on. More than 60% will fail in their initial attempt. I'm making the assumption that this struggling is more intense during the first year or two of full time employment. That can be verified by SSA by looking at the pattern of payments to ENs. But it simply makes sense that if a beneficiary has managed to hang on past the 2 year mark, they are probably a relatively good bet.

By front loading the payments SSA can provide more resources to ENs at the time the client is most likely experiencing their biggest challenges. And if the clients have signed up for the CDS's models, it means there are more funds available to them during the early part of the struggle as well. I'm suggesting that this front loading be done in such a way that the cost is program neutral. The same total amount is paid out by SSA. The pattern of payout is simply adjusted such that it matches the pattern of

struggling going on for clients engaged in serious work attempts: Higher in the beginning, relatively little at the end.

ENs operating under the milestone system have already had their payments front loaded to some degree. It is a recognition of the reality that it's hard to go from no work to full time work in one big step. Many people put a toe in the water and get fully wet only once they've discovered they can swim. But I'm still going to argue that a further modest increase in the front loading makes sense. Again, I'm proposing that the total paid out by SSA be the same, but that the payments be increased in the beginning and decreased at the end.

I have 4 reasons to make the recommendation.

1. From an EN's prospective, it requires as much effort to train and place a beneficiary into a part-time job as a full time one. But the rewards are 20% as much for the client who ends up working only part-time than those who go full time and are successful. That means if you are an EN and interviewing Oliver, if he reports that he's only interested in part time to start, the EN needs to decide whether the incentives are worth their effort.
2. Despite the fact that Oliver may only be comfortable with part-time work to start, SSA can confirm that beneficiaries who have any work earnings after going on benefits are more likely to get off benefits than those who have no such history of work. Part-time employment is clearly a path to eventual full time employment - for some. While I could not find any statistics on the percentage of benefits who try part-time and eventually go full time, I found some interesting statistics about internships in the general population that are revealing. Internships and part-time work resemble one another in that they allow both employer and employee a chance to try each other out. According to an analysis by LinkedIn, of the CVs of more than 300 million members, they found that in many industries "more than a quarter of interns progressed to full-time jobs in the firm where they did their placement." A Sept 2014 issue of the Economist, declared "... an internship is becoming the first step to a white-collar career." In fact 63% of college students now do an internship before graduating from college.
3. From the government's prospective, even part-time work on the part of beneficiaries means they are paying taxes, contributing to the Social Security Trust Fund and reducing or eliminating their SSI benefits if they were receiving them. These can be fairly significant contributions
4. Finally, I don't think any of us would doubt that beneficiaries who are able to work part-time and contribute their own needs and that of their families are better off than those who do not have this option.

Thus, I'd argue that it makes a lot of sense to further front load the incentives during the milestone phase and reduce, perhaps dramatically the incentives in the later stages to arrive at a cost neutral adjustment.

Herring, Matt "Temporary, unregulated and often unpaid, the internship has become the route to professional work" Economist September 12, 2014.

Muller, L.S. 1992. "Disability Beneficiaries Who Work and Their Experience Under Program Work Incentives." Social Security Bulletin, vol.55, no.2.

Stapleton, David, Liu, Su, Phelps, Dawn, and Prenovitz, Sarah. 2010. "Work Activity and Use of Employment Supports Under the Original Ticket to Work Regulations: Longitudinal Statistics for New Social Security Disability Insurance Beneficiaries. Final Report 2010 Mathematica Policy Research, Inc. (December 2010)