



BRIEF

ISSUE BRIEF

Promoting Opportunity Demonstration: POD BOND Comparison Report

September 10, 2020

Michael Levere
David R. Mann
David Wittenburg

Submitted to:

Social Security Administration
Office of Research, Demonstration, and Employment Support
4-P-8-D Annex
6401 Security Boulevard
Baltimore, MD 21235
Project Officer: John Travis Jones
Contract Number: SS00-17-60008

Submitted by:

Mathematica
1100 1st Street, NE, 12th Floor
Washington, DC 20002-4221
Telephone: (202) 484-9220
Facsimile: (202) 863-1763
Project Director: David Wittenburg
Reference Number: 50390



This page has been left blank for double-sided copying.

EXECUTIVE SUMMARY

A comparison of POD and BOND

-
- Background**
- The Social Security Administration (SSA) is carrying out the Promoting Opportunity Demonstration (POD) to evaluate a benefit offset rule for Social Security Disability Insurance (SSDI) beneficiaries. This offset rule reduces benefits by \$1 for every \$2 earned above the Trial Work Period level, defined as \$910 in 2020. It replaces current rules, which are more complex and may result in a sharper loss of all benefits (a “cash cliff”) for beneficiaries who engage in substantial work activity for a sustained amount of time.
 - POD follows another recent demonstration, the Benefit Offset National Demonstration (BOND), which also used a \$1-for-\$2 benefit offset but differed in several other ways from POD. POD and BOND had different rules regarding the use of the offset as well as differences in the design and implementation of the demonstrations.
 - This brief focuses on the second stage of BOND (BOND Stage 2), which recruited volunteers, as it is the most comparable to POD.
-
- Purpose**
- This brief contains a detailed comparison of POD and BOND that explains the benefit offset rules and recruitment processes, summarizes characteristics of beneficiaries who enrolled in the demonstrations, and analyzes early use of the benefit offset.
-
- Findings**
- POD and BOND differed substantially in the benefit offset rules and their approaches to recruitment. By design, the structure of the POD offset rules will lead to greater usage of the benefit offset than would occur under BOND rules at similar levels of earnings.
 - The use of the benefit offset was more than three times as high in POD as in BOND during the first year after enrollment.
 - POD and BOND enrollees had similar recent rates of employment, which indicated a greater work-orientation relative to other SSDI beneficiaries. However, POD and BOND enrollees differed in terms of other program and demographic characteristics, likely because of the varying recruitment processes of the two demonstrations.
 - Differences in rules regarding the benefit offset between the two demonstrations drove the higher offset usage in POD relative to BOND, rather than differences in the characteristics of enrollees.
 - Future POD reports will document whether higher usage of the benefit offset in POD leads to impacts on other beneficiary outcomes, especially employment and earnings.
-

This page has been left blank for double-sided copying.

A. Introduction

Current rules governing the relationship between earnings and Social Security Disability Insurance (SSDI) benefits may discourage beneficiaries from seeking out work. For example, beneficiaries may eventually lose their cash benefits completely after engaging in substantial work activity for a sustained amount of time (a phenomenon commonly called the “cash cliff”). Evidence suggests that the cash cliff may disincentivize work (Ruh and Staubli 2019; Schimmel et al. 2011). Additional complexities of the work rules may create fears about returning to work (Weathers and Hemmeter 2011). These disincentives and complexities may prevent some SSDI beneficiaries from realizing their potential to work (Maestas et al. 2013; Gelber et al. 2017).

To encourage the employment of beneficiaries, Congress directed the Social Security Administration (SSA) to implement two recent demonstrations that introduce a “benefit offset” to replace the SSDI cash cliff. The first was the Benefit Offset National Demonstration (BOND), which started in January 2011. The second was the Promoting Opportunity Demonstration (POD), which started in January 2018.¹ The benefit offset in both POD and BOND reduces benefits by \$1 for every \$2 of earnings above a given threshold. Both POD and BOND also recruited SSDI beneficiaries to volunteer to participate, though BOND also included some participants who were required to participate. Throughout this brief, to ensure comparability to POD, we only focus on the second stage of BOND (BOND Stage 2) that included volunteers.² For simplicity, we refer to BOND Stage 2 as BOND below.

POD and BOND differed in rules governing the benefit offset and in recruitment processes in ways that might affect who enrolled in each demonstration and their use of the offset. For potential enrollees, the total benefits paid are always higher under BOND than POD for the same level of earnings, which could lead to lower interest in POD than in BOND, though BOND benefit offset rules were relatively complex. For potential offset users, POD simplified the rules to make it easier for POD treatment group members—those enrolled and assigned to the treatment group—to use the benefit offset (Wittenburg et al. 2018). Differences in recruitment processes—the target population and methodology to recruit and enroll beneficiaries—might also affect the characteristics of beneficiaries who enrolled in the demonstrations.

This brief summarizes differences between POD and BOND in benefit offset rules and recruitment processes, enrollee characteristics, and early offset usage (within one year after enrollment). Beneficiaries enrolled in both POD and BOND were particularly likely to work relative to the general SSDI population. However, beneficiaries enrolled in both demonstrations also varied in important ways, such as in the length of time receiving SSDI benefits, because of differences in recruitment processes. Despite these disparate enrollee characteristics, offset usage was more than three times as high in POD as in BOND. We find that gaps in offset usage would persist even accounting for the disparate enrollee characteristics, indicating that the divergent benefit offset rules are the primary driver of differences in offset usage.

¹ Though recruitment started in January 2018, the first date those who enrolled in POD could use the offset was February 2018.

² BOND has two stages, though only the second stage has volunteers. In the first stage, beneficiaries were automatically subject to the BOND offset, as BOND rules could only increase total benefits paid.

B. POD and BOND benefit offset rules and recruitment processes

As a starting point to understand enrollment and offset usage, we first provide a comparison of the benefit offset rules and recruitment processes in POD and BOND. This comparison provides context for who enrolls in the demonstration and who uses the benefit offset.

POD rules were intended to facilitate earlier use of the benefit offset than BOND rules

Both POD and BOND modified key provisions of current SSDI rules, though they varied in their approach. Current rules in the SSDI program include several provisions that allow beneficiaries to work while receiving benefits before they reach the cash cliff (Exhibit 1). Beneficiaries can test work without any reduction in benefits during a Trial Work Period (TWP) and a subsequent grace period. The TWP consists of any nine months during a five-year period in which earnings exceed the TWP threshold (in 2020, \$910). Once the TWP and grace period are completed, cash benefits are suspended or terminated for beneficiaries who earn above the Substantial Gainful Activity (SGA) amount³ in a given month (in 2020, \$1,260 for non-blind beneficiaries and \$2,110 for blind beneficiaries).

The BOND benefit offset reduces benefits by \$1 for every \$2 of earnings using an *annual* accounting period, though it left most other SSDI provisions intact.⁴ After completing the TWP and grace period, beneficiaries could use the BOND benefit offset if their annual earnings exceeded 12 times the SGA amount. The BOND evaluation reports documented that the new annual accounting period and other programmatic features of BOND benefit offset rules resulted in administrative delays in implementation (see Gubits et al. 2018). These delays inadvertently caused benefits to be paid in full when they should have been offset. These overpayments were then collected and repaid to the DI trust fund.

Though POD also includes a \$1-for-\$2 benefit offset, it differs from BOND by using a lower *monthly* earnings threshold and eliminating other SSDI program provisions (TWP and grace period). These changes in the POD offset rules are intended to simplify reporting and encourage greater use of the offset. For example, the monthly benefit amount in POD depends on earnings in the previous month. In contrast, in BOND the monthly SSDI benefit amount depends both on a beneficiary's program work history (e.g., if he or she has completed the TWP and grace period) and their total annual earnings (because of the annual accounting period). POD enrollees first use the benefit offset once their monthly earnings exceed the TWP threshold or their Impairment-Related Work Expenses—whichever one is greater. POD also eliminates the TWP and grace period, keeping the relationship between earnings and benefits consistent unless

³ SSA allows some earnings that are necessary to be able to work to be deducted as Impairment-Related Work Expenses.

⁴ BOND has two treatment groups – the second treatment group includes enhanced work incentives counseling in addition to the same BOND rules. However, because offset use was nearly identical for both treatment groups, we report aggregated statistics across both treatment groups.

benefits are terminated.⁵ The monthly accounting period helps beneficiaries to know more quickly whether their benefits will be offset.

Exhibit 1. Comparison of current, POD, and BOND rules

	Current SSDI program rules	BOND	POD
Time period	N/A	January 2011 to September 2022	January 2018 to June 2021
Cash cliff and benefit offset	If a beneficiary earns more than the SGA amount after completing the TWP and the grace period, benefits are reduced to \$0.	Reduces benefits by \$1 for each \$2 earned above the SGA amount (after TWP and grace period)	Reduces benefits by \$1 for every \$2 earned above the POD threshold, which is set at the current SSDI TWP threshold
Trial Work Period (TWP)	Beneficiaries earning above a certain threshold enter a TWP. During the TWP, beneficiary earnings do not result in any reductions in benefits. The TWP ends when a beneficiary earns more than the TWP threshold for 9 months, within a 60 month rolling window.	Keeps TWP, though must complete TWP by September 2017 to establish a BOND participation period and eventually be able to use the BOND offset after completing the grace period	Eliminates TWP
Grace period	A three-month period in which beneficiaries receive a full SSDI benefit payment regardless of the level of earnings. The grace period is triggered the first month after the TWP in which a beneficiary earns above the SGA amount. It applies to that month and the following two months.	Keeps grace period	Eliminates grace period
Earnings accounting frequency	Monthly	Annual	Monthly
Impairment Related Work Expenses (IRWE)	Expenses related to certain items and services that are needed to work, which are deducted from earnings before assessing whether earnings exceed SGA	Same as current SSDI rules	Expenses are only considered if in total they are above the POD threshold, in which case the POD threshold

Note: See Appendix Exhibit 1 for a more thorough comparison of current, POD, and BOND rules.

To help beneficiaries understand how the benefit offset works, POD and BOND also offered benefits counseling services, though the types of services differed substantively between the two demonstrations. In part, these differences reflect the lessons that POD learned from the BOND

⁵ POD tests two versions of the rules that differ in what happens to beneficiaries when their benefits are fully offset to \$0. Members of the T1 group do not face termination because of earnings for the duration of the demonstration. Though benefits may be reduced to zero because of earnings, SSDI entitlements continue for T1 group members. If earnings fall below the full offset amount, cash benefits resume. Members of the T2 group may be terminated after 12 consecutive months of full offset. At this early stage, offset use is sufficiently similar across both versions of the rules that in this brief we only show trends aggregated across both treatment groups.

implementation experience (Wittenburg et al. 2018). The demonstrations also took disparate approaches to initial beneficiary contact with a benefits counselor. For example, BOND did not assign a counselor until the treatment group member actively sought out benefits counseling services, whereas POD assigned all treatment group members to a counselor at the time of enrollment.⁶

Simpler rules could facilitate greater use of the benefit offset in POD than in BOND. As shown in Box 1, a beneficiary with earnings above the SGA amount would both have their benefits offset sooner in POD and have a lower benefit amount compared to BOND. POD rules will also typically result in more people using the benefit offset than BOND because of the lower earnings threshold at which the offset takes effect, the elimination of the TWP and grace period, and the use of a monthly rather than an annual accounting period.⁷ The Appendix includes a detailed discussion of the implications of the benefit offset rule differences. For example, we show SSDI benefit amounts (Appendix Exhibit 2, Panel A) and months of offset use (Appendix Exhibit 2, Panel B) under several earnings scenarios for POD and BOND, including the scenario described in Box 1.

Box 1. Benefit amounts with earnings above SGA amount

If a non-blind beneficiary had earnings of \$1,550 each month, total benefits under current rules, BOND, and POD would be as follows:

- **Current rules:** During the first nine months, benefits would remain unchanged as the beneficiary completed his or her TWP. In the tenth month, the beneficiary would enter a three-month grace period. Starting in month 13, benefits would be suspended and ultimately terminated.
- **BOND:** Until a beneficiary completed his or her TWP and grace period, benefits would remain unchanged. After completing the grace period, monthly benefits would be reduced by \$165.
- **POD:** Benefits would be reduced by \$335 in each month immediately after enrollment.

The benefit offset rules could also potentially affect who enrolls in the demonstration because of its implications for benefit payments. For a given level of earnings, the total benefits paid are always at least as high in BOND as in POD. For earnings between the TWP and SGA thresholds, POD reduces benefits paid relative to current rules.⁸ These rules may make POD relatively less attractive for beneficiaries, and thus may influence who enrolls in the demonstration.

⁶ This refers only to members of the BOND treatment group that is more analogous to POD than the second BOND treatment group that was offered enhanced work incentives counseling.

⁷ It is possible for people to use the benefit offset for more months in BOND than in POD if only some months of the year are below the threshold and the annual average is above the threshold. However, because of the differences in the threshold across the demonstrations, the total benefit amounts would still be higher in BOND than in POD.

⁸ BOND rules ensured that treatment group members' income (benefit payments plus earnings) was always at least as high as under current rules. Because POD rules can lead treatment group members to have lower income than under current rules, only POD readily advertised the option to withdraw, which was required by law. Though beneficiaries reverting to current law would likely reduce the impact of POD, early rates of withdrawal are quite low (Hock et al. 2019), though the primary reason for withdrawal is because of a concern that income would be higher under current SSDI rules than under POD rules.

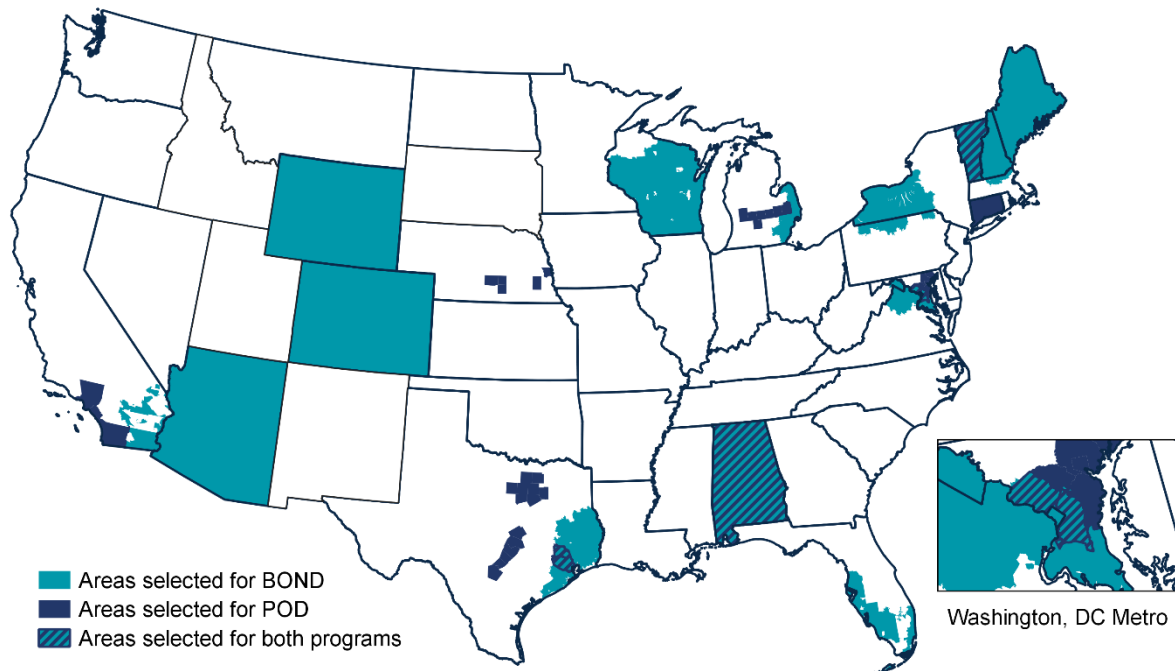
Differences in POD and BOND recruitment processes may influence who enrolls

The recruitment process of a demonstration—the target population, the geographic area in which it is implemented, and its method for recruiting and enrolling beneficiaries—has important implications for the characteristics of beneficiaries who enroll. POD and BOND differed in important ways along each of these dimensions that likely influenced enrollee characteristics in the demonstrations, independent of differences in benefit offset rules discussed above.

The recruitment processes varied in three important ways:

- **Target populations.** POD and BOND targeted beneficiaries for enrollment with disparate characteristics. BOND did not allow beneficiaries who concurrently received Supplemental Security Income (SSI) payments to enroll and included an oversample of SSDI beneficiaries who had received benefits for less than 36 months. In contrast, POD recruited from a broad population of working-age SSDI beneficiaries, allowing concurrent SSI recipients to enroll and not oversampling by duration of benefit receipt.
- **Geographic areas.** Both demonstrations operated in different geographic areas (Exhibit 2). BOND operated in 10 sites across a total of 18 states, whereas POD operated in only 8 states. Though the geographic areas overlapped to some extent, the overlap was confined to the entire states of Alabama and Vermont, and parts of Texas and Maryland.

Exhibit 2. Map of POD and BOND implementation areas



- **Recruitment and enrollment.** Both demonstrations sent beneficiaries an initial mailing to explain the potential benefits of enrolling and to provide instructions on how to do so. In subsequent follow-up efforts, BOND called beneficiaries who did not respond to letters (Gubits et al. 2013); POD used an assortment of follow-up postcards and letters to encourage greater enrollment (Hock et al. 2019). To enroll in BOND, beneficiaries were

required to attend an in-person enrollment session to provide informed consent and complete a baseline survey. POD, in contrast, allowed beneficiaries to provide informed consent and complete a baseline survey through the mail.

The combination of different recruitment processes and different benefit offset rules resulted in differences in enrollment rates. Among beneficiaries targeted with an initial mailing, BOND enrollment rates were more than twice as high as those in POD (5.4 percent versus 2.4 percent). We cannot distinguish the specific effects of recruitment process and benefit offset rule differences on enrollment rates between the two demonstrations. Nonetheless, the varying enrollment rates and target populations have potentially important implications for comparing enrollee characteristics, which we turn to next.

C. POD and BOND demonstration enrollees

The approach to recruitment resulted in some differences between POD and BOND enrollees, but enrollee characteristics suggest they may both be similarly situated to take advantage of the benefit offset. A commonality is that beneficiaries who chose to enroll in each demonstration were mostly motivated to do so by their interest in work (Gubits et al. 2013, Hock et al. 2019).

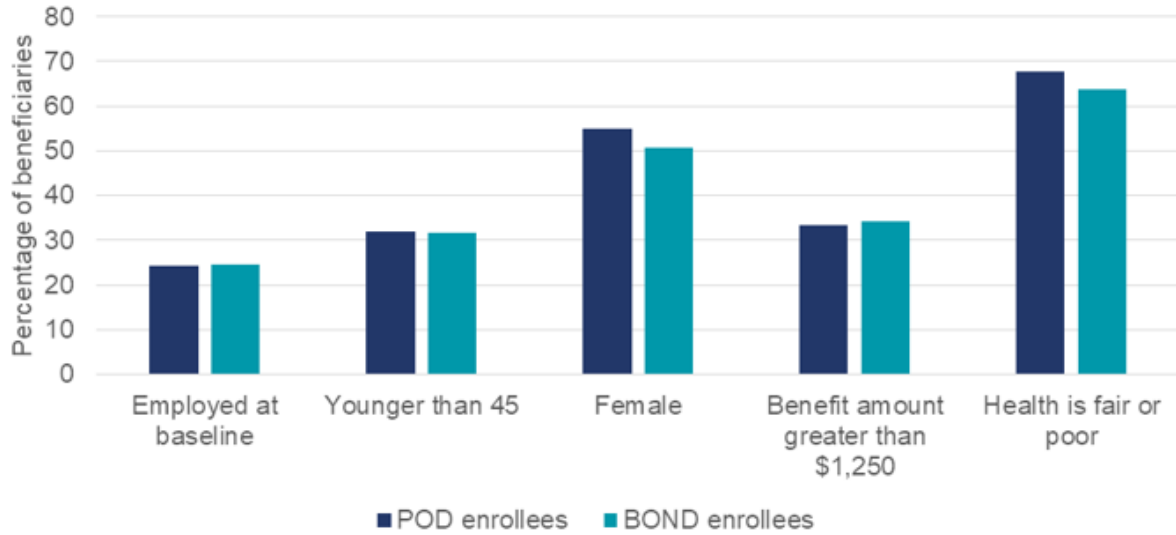
POD and BOND enrollees had similar recent employment histories but differed in program characteristics

POD and BOND enrollees had many similar characteristics at baseline, particularly on employment status (Exhibit 3, Panel A). About one-quarter of enrollees in both demonstrations were employed. Similar levels of baseline employment likely mean that the beneficiaries are similar in their potential for future employment. Other characteristics, such as age, sex, SSDI benefit amounts, and self-reported health, were also similar across demonstrations.

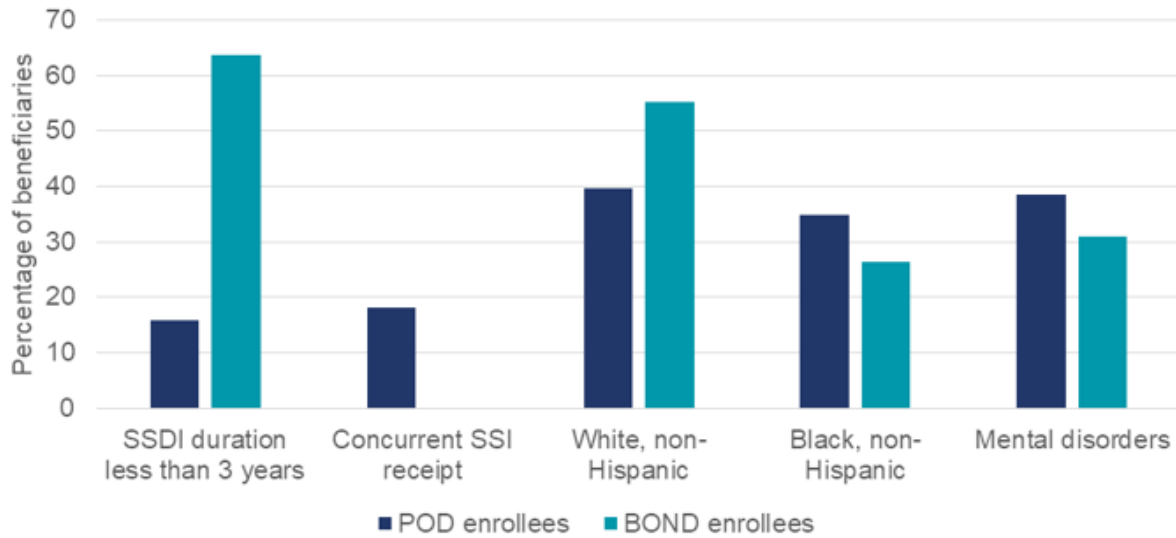
The variations in recruitment processes likely contributed to differences in POD and BOND enrollees in some program and demographic characteristics. Compared to BOND enrollees, POD enrollees included some beneficiaries who concurrently received SSI and fewer beneficiaries who had recently been awarded SSDI benefits (Exhibit 3, Panel B). BOND oversampled short-duration beneficiaries because of an expectation that those with more recent awards might be more work-oriented than long-duration beneficiaries (Gubits et al. 2013), though the duration of benefit receipt did not ultimately affect BOND offset use (Gubits et al. 2018). POD and BOND enrollees also differed in race and ethnicity, as well as in disability diagnoses. POD enrollees included more beneficiaries who were non-white and had mental disorders and fewer beneficiaries with back or other musculoskeletal disorders. These differences are all likely related to the varying target populations. For example, among POD enrollees, concurrent SSI recipients are disproportionately likely to be non-white and to have mental disorders relative to beneficiaries who only receive SSDI. Enrollee characteristics may also reflect differences in demographics across geographic areas (Exhibit 2).

Exhibit 3. Baseline characteristics of POD and BOND enrollees

Panel A. Characteristics that are similar



Panel B. Characteristics that are different



Note: This exhibit uses SSA program records, the POD baseline survey, and BOND published reports. Estimates for POD enrollees are based on authors' calculations using SSA program records and the POD baseline survey. BOND data are reported from Exhibits 4-1 to 4-4 of the BOND Stage 2 Early Assessment Report (Gubits et al. 2013). BOND enrollees only include Stage 2 demonstration participants. Appendix Exhibit 3 includes a comprehensive comparison of additional characteristics from program records and the POD and BOND baseline surveys.

D. POD and BOND early use of the benefit offset

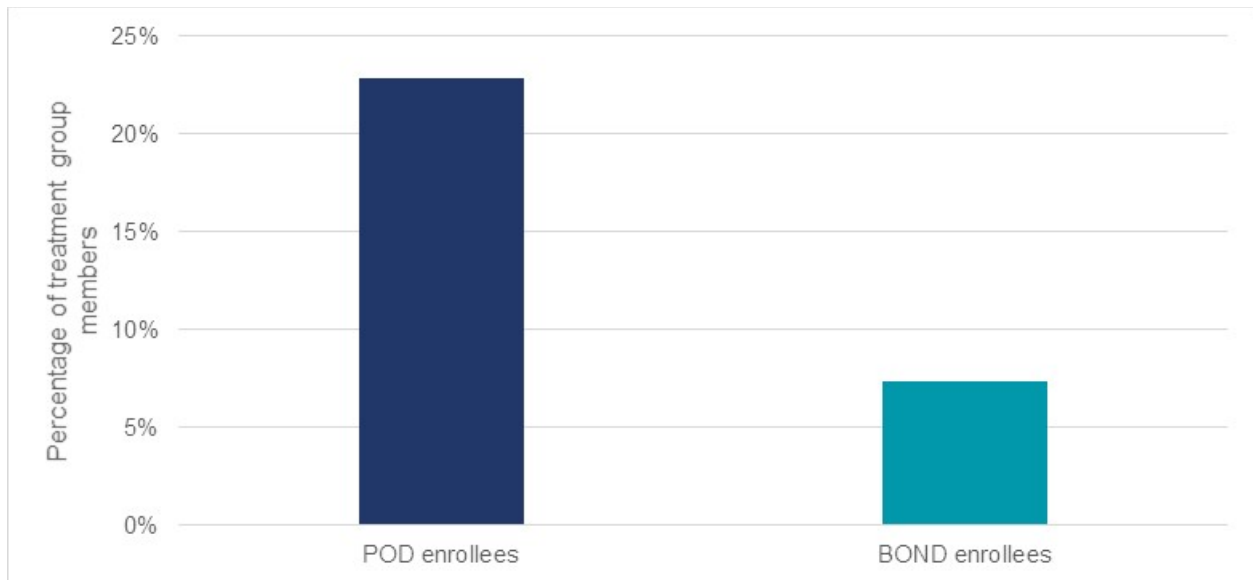
Early use of the benefit offset in POD far exceeded that of BOND, both in terms of frequency of offset use and the amount benefits were offset. The rules regarding the benefit offset likely contributed to its increased use in POD. In contrast, recruitment processes likely reduced POD offset use somewhat, as the gap in offset use rates might have been even larger if

POD had similar recruitment processes as BOND. Below, we describe the trends in offset use in POD and BOND, and then discuss factors that may contribute to those trends, such as the various differences in benefit offset rules. Understanding the magnitude of the differences in offset usage is important, particularly as the rules could lead people with the same earnings to experience the offset differently across both demonstrations.

POD offset use was triple that of BOND offset use in the first year after enrollment

The percentage of POD treatment group members⁹ using the benefit offset was more than triple that of BOND treatment group members in the first year after beneficiaries enrolled (Exhibit 4). Within one year after enrollment, about 23 percent of POD treatment group members and 7 percent of BOND treatment group members had used the offset. In addition to greater use of the offset, growth in offset use over this period was much faster in POD than in BOND – offset use increased by about 1 percent per month in POD, but only by about 0.3 percent per month in BOND. If growth persists over time, as it did in BOND, the gap in benefit offset use between the two demonstrations may continue to grow.

Exhibit 4. POD and BOND treatment group members ever in offset one year after enrolling



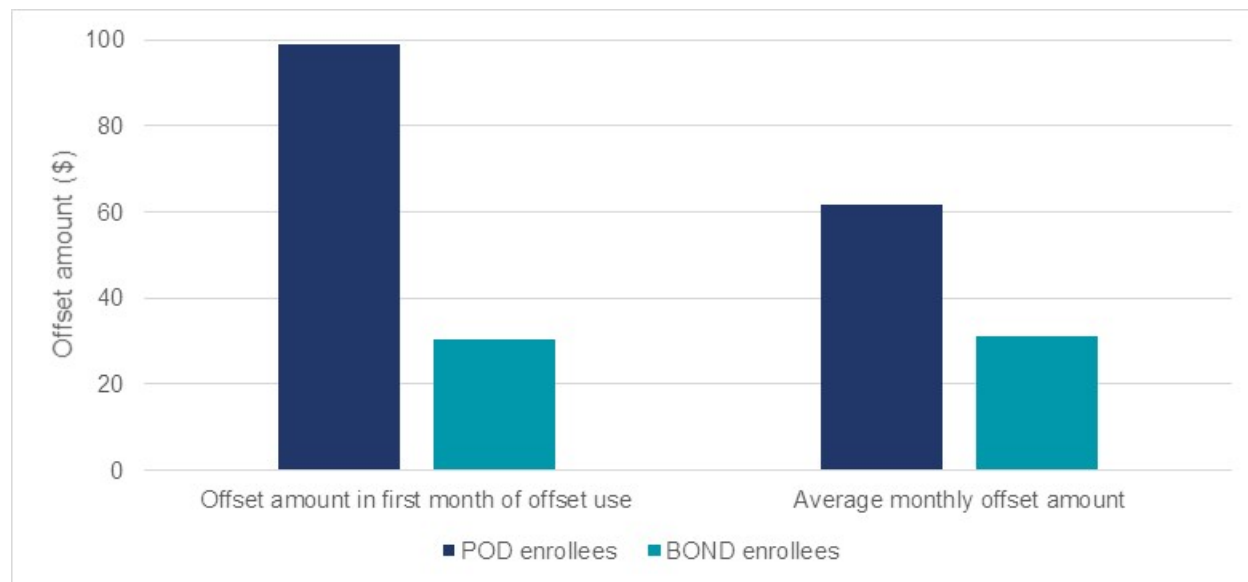
Note: Indicates the percentage of treatment group members who are known to have used the benefit offset in the first year after enrollment in both demonstrations. BOND enrollees only include Stage 2 demonstration participants.

The amount of benefits that were offset was also higher in POD than in BOND. In the first month using the offset, the average POD offset amount was \$99, more than triple the average BOND offset amount of \$30 (Exhibit 5). However, the average monthly benefit offset amount over the first year after POD enrollment of \$62 was only about double the comparable BOND

⁹ Whereas the previous section referred to all POD and BOND enrollees (treatment and control group members), we refer in this section only to those enrolled in the demonstration who were randomly assigned to treatment groups and thus might be subject to the benefit offset rules.

average monthly benefit offset amount of \$31. Among people who used the benefit offset, the distribution of offset amounts was relatively similar, though slightly more people in POD had very low offset amounts because of the ability to be in offset for only a few months of the year (Appendix Exhibit 4).

Exhibit 5. Benefit offset amounts in the first year after enrollment



Note: Indicates the average offset amount for beneficiaries based on the first year after enrollment. Those who never used the offset within the first year after enrollment are included as having \$0 of benefits offset. The average monthly offset amount is calculated by dividing the total amount of benefits offset over the twelve months after enrollment by twelve. BOND enrollees only include Stage 2 demonstration participants.

Differences in benefit offset rules may contribute to higher use of the offset in POD

The monthly accounting period for the benefit offset may contribute to higher rates of offset use among POD treatment group members than among BOND treatment group members. Among those in POD who used the benefit offset, only about one-sixth were in offset for all twelve months after enrollment (Appendix Exhibit 5), consistent with findings that earnings for people with disabilities are highly volatile (Deshpande 2016). About one half of those ever in offset were in offset for six or fewer of the twelve months after enrollment. The average benefit reduction for POD treatment group members that used the benefit offset for more than six months was about fifty percent more than the average amount for POD treatment group members that only used the offset for between one and six months (results not shown). POD treatment group members who used the benefit offset for only a few months therefore likely would not have had sufficiently high annual earnings to have had their benefits offset under BOND's annual accounting period rules.

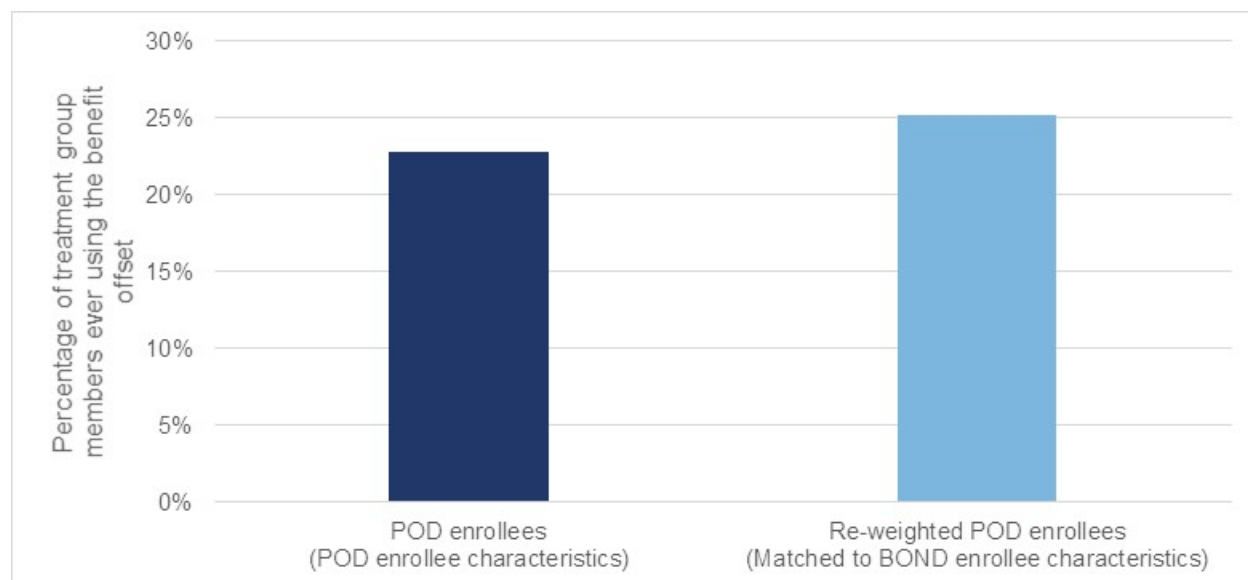
Other differences in rules also likely contributed to higher use of the benefit offset among POD treatment group members compared to BOND treatment group members. The lower benefit offset earnings threshold in POD relative to BOND mechanically increases usage of the offset in POD for those with earnings between the TWP and SGA amounts. For example, nearly 20 percent of POD offset users would not have used the benefit offset if the threshold had been at the monthly SGA amount instead of the TWP amount (results not shown). Additionally, by

eliminating the TWP and grace period, POD treatment group members can first use the benefit offset more quickly because these periods do not need to be exhausted first.

Adjusting for differences in enrollee characteristics would further increase the gap between POD and BOND offset usage

Because POD and BOND enrollees differ on some key characteristics, we estimated the influence of recruitment processes by re-weighting POD treatment group members to equate the populations. These recruitment processes work in the opposite direction as benefit offset rules; though the rules contribute to higher use of the offset in POD than in BOND, offset use might have been even higher if recruitment processes were similar. In particular, the inclusion of concurrent SSI recipients and proportional sampling of short-duration beneficiaries likely led to lower benefit offset usage in POD. We estimated rates of POD offset usage by re-weighting the POD enrollee sample to match all characteristics for BOND enrollees identified in Appendix Exhibit 3. For example, the re-weighting makes shorter duration beneficiaries more pronounced given BOND beneficiaries included many more short-duration beneficiaries. It also excludes concurrent SSI recipients. Under these assumptions, offset use might have been up to three percentage points higher (Exhibit 6).

Exhibit 6. POD offset usage based on POD and BOND enrollee characteristics



Note: This exhibit uses benefit offset data collected by Abt, SSA program records, and the POD baseline survey. Benefit offset use for POD enrollees exactly matches POD benefit offset use in Exhibit 4. We re-weighted POD enrollees to ensure that the mean characteristics matched those of BOND enrollees in terms of all characteristics shown in Appendix Exhibit 3. BOND enrollees only include Stage 2 demonstration participants. We used entropy balancing to conduct this re-weighting, which is designed to balance covariates to ensure two groups exactly match on a broad array of characteristics (Hainmuller 2012). Re-weighted POD enrollee benefit offset use is an estimate of what the weighted mean of POD offset usage would be if the composition of beneficiaries mirrored those of BOND.

E. Conclusion

The findings here highlight some major substantive differences in enrollee characteristics and benefit offset usage between POD and BOND. Though enrollees in both demonstrations were interested in work, they varied in key program characteristics. Despite these differences,

POD offset usage was more than three times as high as BOND offset usage. We find that these differences would persist and even become larger when controlling for disparate enrollee characteristics between demonstrations, such as concurrent receipt of SSI and duration of SSDI benefit receipt. Hence, gaps in offset usage likely reflect the different rules for the benefit offset.

POD benefit offset use varied from month to month, reflecting the volatility in SSDI beneficiary earnings. For example, more than half of POD treatment group members used the benefit offset in fewer than six of the twelve months after enrollment examined in this brief. The findings underscore the potential episodic needs of beneficiaries in using work incentives. It is therefore important to consider that earnings for those with disabilities, and particularly SSDI recipients, are not always stable.

The use of the benefit offset is important insofar as it is a precursor to eventual employment gains and benefit reductions. To the extent that employment gains rely on behavioral responses to benefits being offset, the faster implementation of the POD benefit offset may better position POD to improve earnings and employment. The greater use of the offset within the first year after enrollment may give POD the potential to achieve the goals of the demonstration: increasing employment and reducing benefits paid. Subsequent POD evaluation reports, including the upcoming Interim Evaluation Report will explore whether greater use of the benefit offset results in greater impacts on employment and benefit receipt.

References

- Deshpande, Manasi. “Does Welfare Inhibit Success? The Long-Term Effects of Removing Low-Income Youth from Disability Insurance.” *American Economic Review*, vol. 106, no. 11, 2016, pp. 3300–3330.
- Gelber, Alexander, Timothy Moore, and Alexander Strand. “The Effect of Disability Insurance Payments on Beneficiaries' Earnings.” *American Economic Journal: Economic Policy*, vol. 9, no. 3, 2017, pp. 229–261.
- Gubits, Daniel, Rachel Cook, Stephen Bell, Michelle Derr, Jillian Berk, Ann Person, David Stapleton, Denise Hoffman, and David Wittenburg. “Benefit Offset National Demonstration: Stage 2 Early Assessment Report.” Cambridge, MA: Abt Associates, 2013.
- Gubits, Daniel, David Stapleton, Stephen Bell, Michelle Wood, Denise Hoffman, Sarah Croake, David R. Mann, Judy Geyer, David Greenberg, Austin Nichols, Andrew McGuirk, Meg Carroll, Utsav Kattel, and David Judkins. “BOND Implementation and Evaluation: Final Evaluation Report.” Washington, DC: Mathematica Policy Research, 2018.
- Hainmuller, Jens. “Entropy Balancing for Causal Effects: A Multivariate Reweighting Method to Produce Balanced Samples in Observational Studies.” *Political Analysis*, vol. 20, no. 1, 2012, pp. 25–46.
- Hock, Heinrich, David Wittenburg, Michael Levere, Noelle Denny-Brown, and Heather Gordon. “Promoting Opportunity Demonstration: Recruitment and Random Assignment Analysis Report.” Draft report submitted to the Social Security Administration. Washington, DC: Mathematica, 2019.

Maestas, Nicole, Kathleen Mullen, and Alexander Strand. “Does Disability Insurance Receipt Discourage Work? Using Examiner Assignment to Estimate Causal Effects of SSDI Receipt.” *American Economic Review*, vol. 103, no. 5, 2013, pp. 1797–1829.

Ruh, Philippe, and Stefan Staubli. “Financial Incentives and Earnings of Disability Insurance Recipients: Evidence from a Notch Design.” *American Economic Journal: Economic Policy*, vol. 11, no. 2, 2019, pp. 269–300.

Schimmel, Jody, David Stapleton, and Jae Song. “How Common is “Parking” among Social Security Disability Insurance Beneficiaries? Evidence from the 1999 Change in the Earnings Level of Substantial Gainful Activity.” *Social Security Bulletin*, vol. 71, no. 4, 2011, pp. 77-92.

Weathers II, Robert R., and Jeffrey Hemmeter. “The Impact of Changing Financial Work Incentives on the Earnings of Social Security Disability Insurance (SSDI) Beneficiaries.” *Journal of Policy Analysis and Management*, vol. 30, no. 4, 2011, pp. 708–728.

Wittenburg, David, Kenneth Fortson, David Stapleton, Noelle Denny-Brown, Rosalind Keith, David R. Mann, Heinrich Hock, and Heather Gordon. “Promoting Opportunity Demonstration: Design Report.” Washington, DC: Mathematica Policy Research, 2018.

APPENDIX

This page has been left blank for double-sided copying.

Appendix Exhibit 1. Detailed comparison of current, POD, and BOND rules

Current SSDI program rules	BOND	POD
Overview		
N/A	Two stages: (1) Stage 1 includes SSDI beneficiaries who are automatically subject to new rules; (2) Stage 2 includes volunteers who are randomly assigned to either a control group, treatment group subject to BOND rules, or second treatment group subject to BOND rules that also gets enhanced work incentive counseling.	Volunteers are randomly assigned to either a control group or one of two treatment groups that are subject to the POD offset rules. The treatment groups differ in rules about termination – one group is not subject to termination, while the other faces termination after 12 consecutive months of having benefits reduced to \$0.
Program/benefit offset rules		
<ul style="list-style-type: none"> • When SSDI beneficiaries work, they are required to report earnings to SSA. SSA also obtains evidence of earnings from the IRS and other sources. Given the evidence of earnings, SSA conducts a Work Continuing Disability Review (Work CDR) to confirm beneficiaries' continued eligibility for benefit receipt. If the Work CDR indicates substantial earnings, disability benefits are stopped, while if the Work CDR verifies continuing disability, disability payments can continue. • SSDI beneficiaries are entitled to receive a full SSDI benefit check during a nine-month TWP, during which time they can earn any amount. The TWP is completed once a beneficiary has monthly earnings above the TWP threshold (\$910 in 2020) or works more than 80 hours a month in self-employment for nine months over a rolling 5-year window. The nine months need not be consecutive. 	<ul style="list-style-type: none"> • Beneficiaries who work are required to report earnings to SSA, as specified under current rules. • Before using the benefit offset, beneficiaries must complete a nine-month TWP during which earnings do not affect benefits, as specified under current rules. • Before using the benefit offset, beneficiaries must also complete a three-month grace period, as specified under current rules. • Before using the benefit offset, beneficiaries must undergo a work CDR confirming that they completed the TWP and grace period. Once eligible for the benefit offset, beneficiaries are no longer subject to Work CDRs during the demonstration. <ul style="list-style-type: none"> ○ If a Work CDR does not confirm the beneficiary is eligible for the benefit offset, then that beneficiary is still subject to Work CDRs during the demonstration. 	<ul style="list-style-type: none"> • Beneficiaries who work must report monthly earnings to SSA but are not subject to Work CDRs during the demonstration. • POD includes two treatment arms, both of which use the same rules to calculate benefits. The rules eliminate the TWP and the grace period. These rules also replace the cash cliff with a benefit offset that reduces benefits by \$1 for every \$2 earned above the larger of either the POD threshold (chosen to equal the TWP threshold) or the amount of the POD treatment group member's IRWE (up to a maximum of the SGA amount). • The POD benefit offset applies to gross earnings—that is, without making deductions of the type made under current law for the purposes of SGA determinations. <ul style="list-style-type: none"> ○ IRWE are not deducted from gross earnings in POD. Instead, IRWE can increase the monthly threshold for the benefit offset if larger than the POD threshold.

Appendix Exhibit 1 (continued)

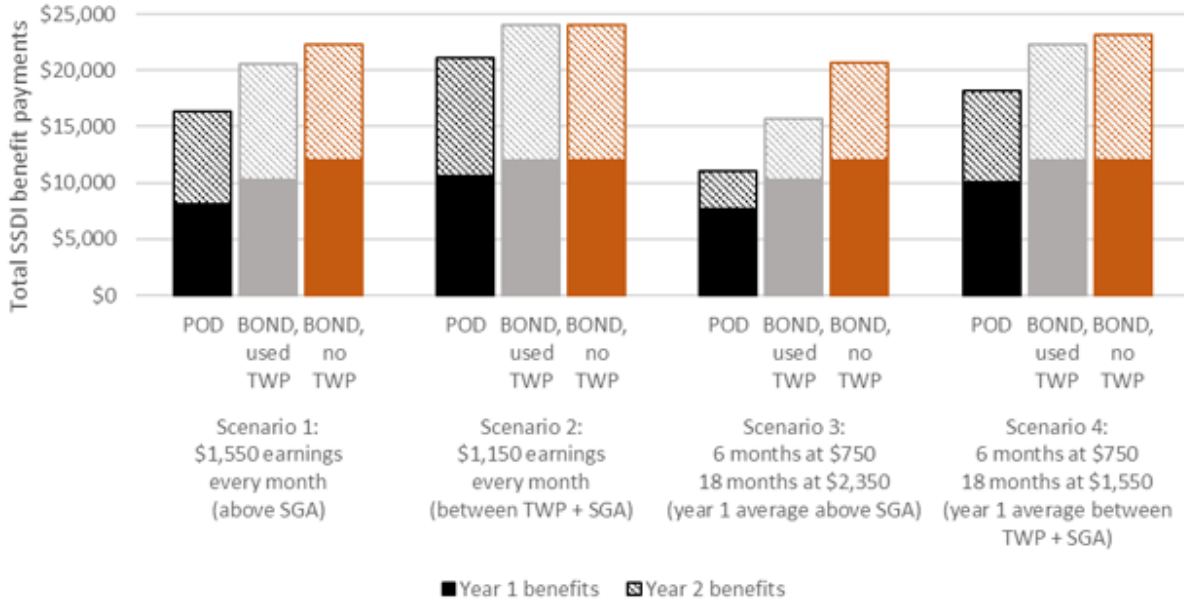
Current SSDI program rules	BOND	POD
<ul style="list-style-type: none"> • After completing the TWP, beneficiaries enter the Extended Period of Eligibility (EPE). In SSA's terminology, disability "ceases" for beneficiaries who engage in SGA during the EPE. <ul style="list-style-type: none"> ○ During the EPE, only work earnings are evaluated relative to the SGA amount. Sick pay and vacation pay are deducted because they are not considered countable earnings. Similarly, subsidies provided by an employer and the cost of Impairment Related Work Expenses (IRWE) are also deducted from earnings for SGA determinations. ○ Once the EPE begins, cash benefits may be suspended for earnings above the SGA amount (the "cash cliff"). During the re-entitlement period, which comprises the first 36 months of the EPE, beneficiaries have cash benefits suspended if they earn above the SGA amount, but remain entitled to full benefits if their earnings are lower than that amount. ○ After the re-entitlement period, cash benefits are terminated if a beneficiary earns above the SGA amount. ○ There is a three-month exception to these suspension and termination rules called the grace period, consisting of the month of disability cessation and the following two months. During this period, beneficiaries continue to receive a full benefit check irrespective of their earnings level. ○ If a Medical Continuing Disability Review indicates that a beneficiary's medical condition improved substantially, he or she will also be terminated from benefits. 	<ul style="list-style-type: none"> • BOND Stage 2, which we use as a comparison throughout this brief because of its use of volunteers, includes two treatment arms, both of which use the same rules to calculate benefits. After the TWP is completed, beneficiaries enter a 60 month BOND participation period. During the BOND participation period, after the beneficiary has used his grace period, the rules replace the cash cliff with a benefit offset that reduces benefits by \$1 for every \$2 earned above the BOND Yearly Amount (BYA). The BYA is specified as the annual equivalent of the SGA amount. <ul style="list-style-type: none"> ○ Rules for evaluating earnings relative to the SGA amount are the same as current rules in terms of only considering work earnings and deducting IRWE. • BOND suspends cash benefits when they are reduced to \$0 according to the \$1-for-\$2 offset. BOND does not terminate SSDI entitlement because of work during the BOND participation period, even if benefits fall to zero because of earnings that are well above the BYA. Beneficiaries remain subject to termination if their medical conditions substantially improve. • Once the BOND Participation Period ends, cash benefits are terminated if a beneficiary earns above the SGA amount. • Beneficiaries who are terminated because of work remain eligible for EXR, as specified for those terminated under current rules. 	<ul style="list-style-type: none"> • POD initially suspends cash benefits when they are reduced to \$0 according to the \$1-for-\$2 offset, and the two treatment arms differ in their rules governing termination. In one treatment arm (T1), the suspension is not time-limited; that is, there is no termination because of work. However, in the other treatment arm (T2), cash benefits terminate after 12 consecutive months of suspension. Also, beneficiaries in both treatment arms are subject to termination if their medical conditions substantially improve. • Beneficiaries in the T2 arm who are terminated because of work remain eligible for EXR, as specified for those terminated under current rules. • A beneficiary in the T2 arm who receives an award of EXR re-enters POD. However, the 24-month IRP is paused during POD participation for those with an award of EXR. Such a beneficiary can therefore immediately use the POD offset again.

Appendix Exhibit 1 (*continued*)

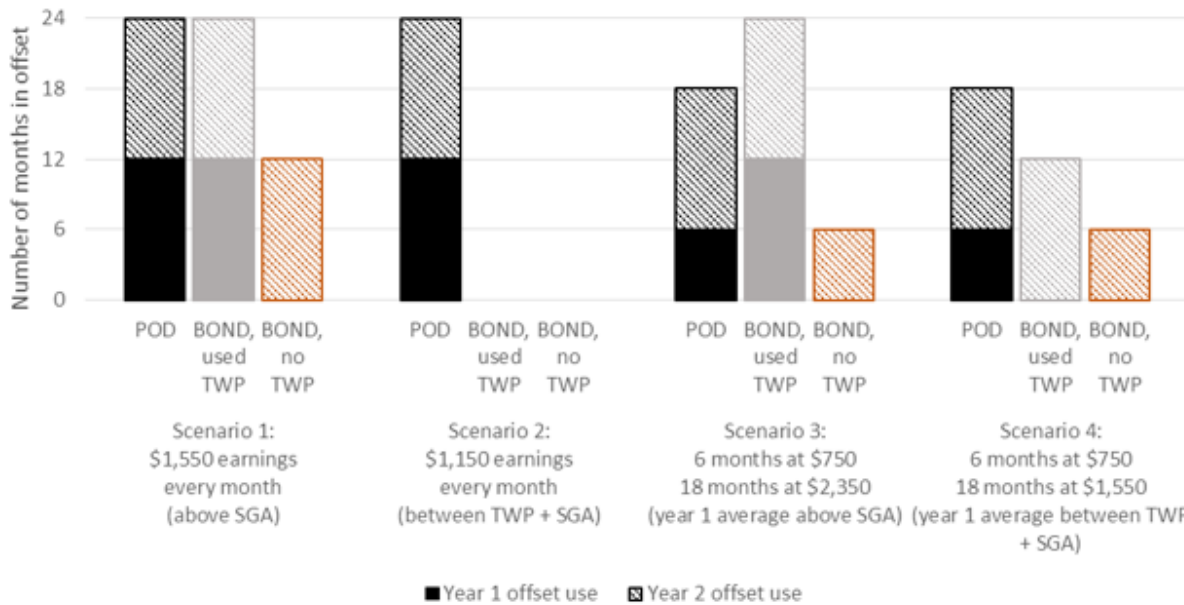
Current SSDI program rules	BOND	POD
<ul style="list-style-type: none">• Within 60 months of termination due to work, individuals can request that SSA reinstate their cash benefits through Expedited Reinstatement (EXR). The EXR application process is shorter than the full disability application process. During the EXR application process, beneficiaries might be eligible for provisional benefits for up to 6 months while SSA reviews their requests. Upon award of EXR, beneficiaries enter a 24-month Initial Reinstatement Period (IRP) where earnings must remain below SGA. If earnings exceed SGA, the beneficiary is not due benefits and is not credited with the completion of an IRP month. Upon completing the IRP, the beneficiary is eligible for another TWP and EPE.		

Appendix Exhibit 2. Offset use in POD and BOND under various hypothetical earnings scenarios

Panel A. Total SSDI benefits



Panel B. Months of offset use



Note: Panel A shows the total benefit amount over a two year period under multiple earnings scenarios assuming a beneficiary with a monthly SSDI benefit of \$1,000. Panel B shows the number of months out of those two years in which the beneficiary would have any benefits offset. The BOND beneficiary who used the TWP is also assumed to have completed the three-month grace period. The BOND beneficiary identified as no TWP is assumed to have not started the TWP, and thus must complete nine TWP months in addition to the three-month grace period before being able to use the BOND benefit offset.

For the same level of earnings, total SSDI benefits are always lower under POD than BOND, and the number of months in offset is typically higher for POD than BOND (Appendix Exhibit 2). As discussed in Section B, three aspects of the POD and BOND benefit offset rules lead beneficiaries with the same level of earnings to not necessarily use the offset with the same frequency: (1) the elimination of the TWP and grace period under POD, (2) the lower threshold at which the offset is introduced under POD, and (3) the monthly accounting period for implementing the offset. Appendix Exhibit 2 presents four scenarios¹⁰ for someone who has a \$1,000 monthly SSDI benefit; these scenarios demonstrate how the three aspects of the benefit offset rules affect total benefits and the number of months in which benefits are offset. Under any earning scenario, total SSDI benefits are never higher under POD than BOND (Panel A).¹¹

All else equal, the rules on the elimination of the TWP and grace period and the lower earnings threshold ensure that more POD treatment group members can use the benefit offset than BOND treatment group members (Scenarios 1 and 2 of Appendix Exhibit 2). If earnings are above the SGA amount (Scenario 1), the number of months of offset use would be identical across the two demonstrations for those who had completed their TWP and grace period. For those who had not completed the TWP and grace period, they would need to do so before using the offset in BOND, which leads to the use of the offset in only the second year in BOND (Panel B, Scenario 1). Additionally, because of the lower earnings threshold, treatment group members with monthly earnings between the TWP and SGA thresholds will only use the offset in POD but not in BOND (Panel B, Scenario 2).

The effect of the monthly rather than annual accounting period on the number of months using the offset is somewhat ambiguous. It depends on the variability of earnings, though benefit amounts are always lower in POD (Scenarios 3 and 4 of Appendix Exhibit 2). If the average annual earnings are above the SGA-level (as in the first year of Scenario 3), then treatment group members would use the benefit offset for the entire year in BOND if they had completed the TWP and grace period. However, POD treatment group members would only use the offset in the specific months that earnings exceed the TWP (Panel B, Scenario 3). If the annual average is between the TWP and SGA levels, then BOND subjects would not use the offset while POD group members would again use the offset in the months that earnings exceed the TWP (Panel B, Scenario 4). However, because the offset threshold is lower for POD, when aggregating total benefit payments across the year, the total benefits are always greater in BOND than in POD even if beneficiaries have their benefits offset in more months in BOND (Panel A, Scenarios 3 and 4).

¹⁰ We developed these scenarios specifically to highlight differences in the rules between POD and BOND. The scenarios are also inspired by the example scenarios provided on both the [POD](#) and [BOND](#) websites, which help beneficiaries understand the ways in which benefits would change under the rules of each demonstration.

¹¹ The benefit amount is strictly lower in POD than in BOND under any earnings scenario with two notable exceptions that lead benefit amounts to be equal: if benefits are not offset at all (that is, earnings are below the TWP threshold) or if benefits are fully offset to \$0 in both demonstrations.

Appendix Exhibit 3. Characteristics of POD and BOND enrollees

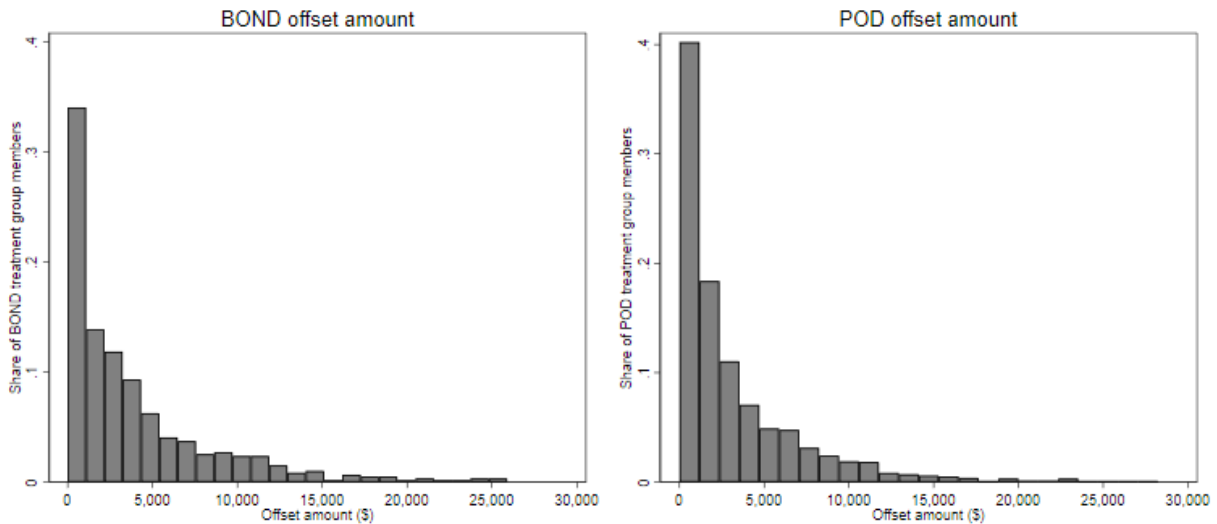
Variable	POD enrollees	BOND enrollees
Number of beneficiaries	10,070	12,869
Demographics and disability		
Female	55.0	50.6
Age group		
20 to 29 years	4.0	6.1
30 to 39 years	16.6	14.2
40 to 44 years	11.2	11.4
45 to 49 years	17.0	16.1
50 to 54 years	25.6	23.7
55 to 59 years	25.6	28.4
Mean age (years)	47.4	47.6
Race and ethnicity		
White, non-Hispanic	39.7	55.2
Black, non-Hispanic	34.9	26.4
Other or multiple races, non-Hispanic	8.1	9.3
Hispanic or Latino	17.3	9.1
Primary diagnosis		
Neoplasms	2.9	4.3
Mental disorders	38.4	31.0
Back or musculoskeletal system	20.2	25.7
Nervous system disorders	6.3	7.0
Circulatory system disorders	5.8	6.5
Genitourinary system disorders	4.2	2.8
Injuries	3.8	4.5
Respiratory	1.7	2.2
Several visual impairments	2.3	2.6
Digestive system	1.5	2.1
Other impairments	12.9	11.3
Living with a spouse/partner	28.5	38.3
Program characteristics		
Short SSDI duration (36 months or less)	15.8	63.6
Mean SSDI duration (months)	114.1	53.4
Monthly SSDI benefits (\$)	1,035	1,091
Has representative payee	6.9	8.0
Concurrent SSI receipt	18.2	0.0
Employment history		
Work status at baseline		
Currently employed	24.3	24.6
Seeking work	23.8	29.7

Appendix Exhibit 3 (continued)

Variable	POD enrollees	BOND enrollees
Health and health insurance		
Self-reported health		
Excellent	2.6	2.4
Very good	7.1	7.2
Good	22.4	26.6
Fair	44.4	45.0
Poor	23.4	18.8
Has health insurance	93.5	92.8

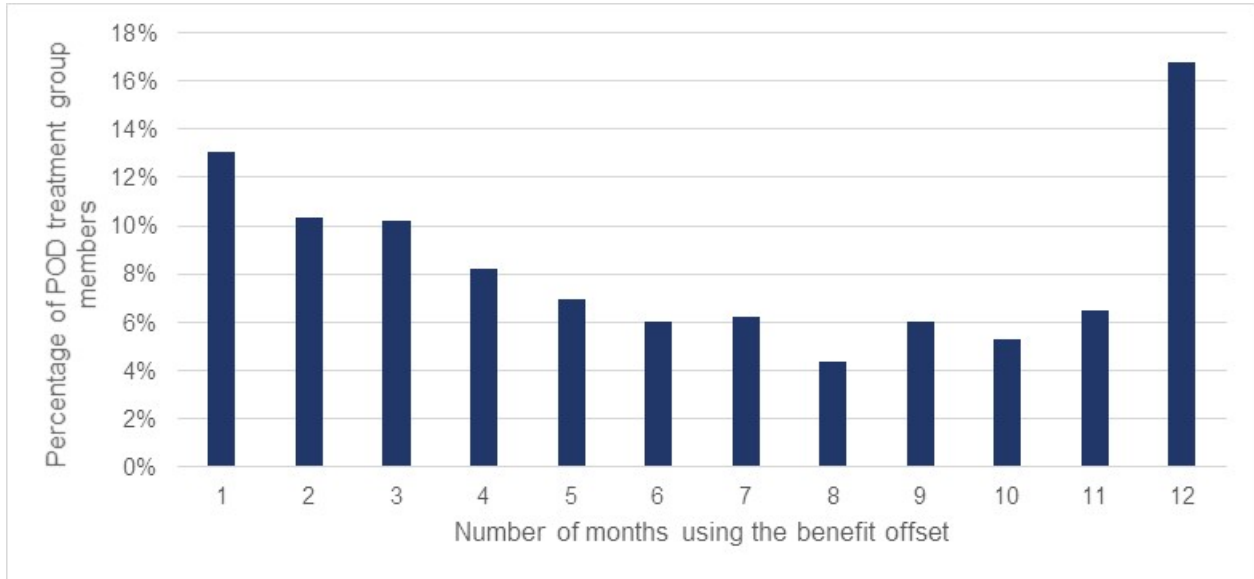
Note: This exhibit uses SSA program records, the POD baseline survey, and BOND published reports. Unless otherwise noted, all table entries are percentages. All numbers in the table have been rounded; consequently, reported percentages might not sum across categories to exactly 100. POD enrollee values are based on authors' calculations using SSA program records and the POD baseline survey. Age and duration measures do not exactly match numbers reported in Exhibit D.8 for all POD enrollees from Hock et al. (2019); age and duration in this exhibit are defined as of the date of random assignment, whereas in Hock et al. (2019) they are defined as of October 2017 to facilitate a comparison to non-volunteers. BOND data are reported from Exhibits 4-1 to 4-4 of the BOND Stage 2 Early Assessment Report (Gubits et al. 2013). BOND enrollees only include Stage 2 demonstration participants.

Appendix Exhibit 4. Distribution of offset amounts for those ever in offset



Note: This exhibit uses offset data collected by Abt. For each treatment group member who used the offset within the first twelve months after enrollment, we calculated the total dollars of benefits offset during that period. This exhibit presents a histogram of that distribution (or the share of treatment group members with a given offset amount). Treatment group members who never used the benefit offset, and therefore had \$0 of benefits offset, are excluded from the figure. BOND enrollees only include Stage 2 demonstration participants.

Appendix Exhibit 5. Distribution of months of benefit offset use



Note: This exhibit uses offset data collected by Abt. The percentage of POD treatment group members is expressed as a share of those who had ever used the offset within the first twelve months after enrolling in POD.

This page has been left blank for double-sided copying.

www.mathematica.org

**Improving public well-being by conducting high quality,
objective research and data collection**

PRINCETON, NJ ■ ANN ARBOR, MI ■ CAMBRIDGE, MA ■ CHICAGO, IL ■ OAKLAND, CA ■
SEATTLE, WA ■ TUCSON, AZ ■ WASHINGTON, DC ■ WOODLAWN, MD



Mathematica® is a registered trademark
of Mathematica Policy Research, Inc.