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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**TICKET TO WORK AND  
SELF-SUFFICIENCY PROGRAM  
COST EFFECTIVENESS**

August 2008

A-02-07-17048

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**AUDIT REPORT**

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## **Mission**

**By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
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# SOCIAL SECURITY

## MEMORANDUM

Date: August 11, 2008

Refer To:

To: The Commissioner

From: Inspector General

Subject: Ticket to Work and Self-Sufficiency Program Cost Effectiveness (A-02-07-17048)

## OBJECTIVE

Our objectives were to determine whether the Ticket to Work and Self-Sufficiency Program (Ticket Program) led to sustained economic self-sufficiency for disabled beneficiaries<sup>1</sup> and to determine whether the program generated savings for the Social Security Administration (SSA).

## BACKGROUND

The Ticket Program was established by the *Ticket to Work and Work Incentives Improvement Act of 1999*<sup>2</sup> to promote the economic self-sufficiency of disabled beneficiaries. The law noted two advantages of eliminating work barriers for disabled individuals. First, it could greatly improve a disabled individual's financial independence and personal well-being. Second, changes that help individuals with disabilities return to work could result in significant savings and extend the life of the Social Security Disability Insurance (SSDI) Trust Fund.

Congress estimated that if an additional one-half of 1 percent of SSDI and Supplemental Security Income (SSI) recipients were to cease receiving benefits as a result of employment, the savings to the Social Security Trust Funds and the Treasury in cash assistance would total \$3.5 billion over the work-life of such individuals. Additionally, in a *Pay-As-You-Go Estimate*,<sup>3</sup> the Congressional Budget Office (CBO) projected that the Ticket Program would start to generate savings in Fiscal Year (FY) 2004, with increased savings each year thereafter. CBO projected that the Ticket Program would reduce needed annual outlays due to savings by \$7 million, \$27 million,

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<sup>1</sup> The term "beneficiary" is used to encompass both SSDI beneficiaries and SSI recipients throughout the report.

<sup>2</sup> Pub. L. No. 106-170 § 101.

<sup>3</sup> CBO, *Pay-As-You-Go Estimate, H.R. 1180, Ticket to Work and Work Incentives Improvement Act of 1999, as cleared by the Congress on November 19, 1999, December 13, 1999.*

and \$60 million in savings in FYs 2004, 2005, and 2006, respectively. For FY 2009, the reduction in outlays due to the Ticket Program was projected to be \$110 million.<sup>4</sup> Also, CBO expected that approximately 5 percent of eligible disabled beneficiaries would participate in the new Ticket Program. Of those, approximately 50 percent would return to work, remain employed, have their benefits suspended accordingly, and continue not to receive SSA benefits after 3 years.

### ***Ticket Program Procedures***

Under the Ticket Program, eligible beneficiaries receive a “ticket,” which they can present to either an Employment Network (EN) or a State Vocational Rehabilitation Agency (VRA) to obtain vocational rehabilitation or employment services. Before the Ticket Program was established, these services were provided primarily through VRAs. With the addition of ENs, disabled beneficiaries were provided with a choice of service providers and service options to successfully obtain and retain employment and, in turn, reduce their dependency on cash benefit programs.<sup>5</sup>

Once a beneficiary assigns a ticket to an EN or VRA, the provider works with the beneficiary to plan and provide the type of services he/she needs to return to work. When an EN becomes an approved service provider, it can elect to receive payments through either the outcome payment system or outcome-milestone payment system. Under both payment systems, an EN generally can receive a payment for each month, up to 60 months, that SSA does not pay cash benefits to a beneficiary because of work activity.

VRAs can choose on a case-by-case basis whether to be paid in the same manner as ENs or under the cost reimbursement payment system. Under the cost reimbursement payment system, VRAs can receive reimbursement for the costs of vocational rehabilitation services provided to a beneficiary after the beneficiary returns to work.<sup>6</sup> This provision of law for reimbursing VRAs existed before the Ticket Program was implemented. Most VRAs have elected to be paid in this manner. Mathematica Policy Research, Inc., reported in a 2006 SSA-funded study that,<sup>7</sup> “...most beneficiaries participating in the Ticket Program are doing so under conditions that are essentially unchanged from before program rollout.” In February 2004, Mathematica Policy

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<sup>4</sup> CBO based its estimates of reduced outlays on the assumption that the Ticket Program would be in place by 2004. SSA completed the Ticket Program implementation in FY 2004.

<sup>5</sup> Pub. L. No. 106-170 § 2 (b) (4).

<sup>6</sup> VRAs can be reimbursed for the costs of services which result in a beneficiary's completion of a continuous 9-month period of Substantial Gainful Activity (SGA). Generally, the 9 months of SGA must be completed within a 10-month period. Twelve months is the outer limit and only applies in limited circumstances.

<sup>7</sup> Mathematica Policy Research, Inc., *Implementation Experience During the Second Two Years of Operations*, January 2006.

Research, Inc., also reported that the Ticket Program had extremely small effects on beneficiaries returning to work in its initial evaluation of the program.<sup>8</sup>

### ***Ticket Program Implementation***

Beginning in February 2002, SSA began mailing tickets to eligible beneficiaries and, to date, has mailed over 13 million tickets. Of those, beneficiaries have assigned 194,928 tickets (182,096 assigned to VRAs and 12,832 assigned to ENs). As of January 31, 2008, there were 79 VRAs and 1,211 ENs.

In FY 2005, ENs and VRAs received a total of 12,551 payments from SSA, worth about \$77 million, for services provided to 7,256 disabled beneficiaries. Of these payments, 9,080, totaling \$32 million, were made on behalf of 3,829 beneficiaries who participated in the Ticket Program. The remaining 3,471 payments, totaling \$45 million, were made for 3,427 beneficiaries who had not participated in the Ticket Program, but received vocational services from a VRA.

### ***Scope and Methodology***

To meet our first objective to determine economic self-sufficiency, we determined the work activity over a 27-month period (October 2004 through December 2006) for all the disabled beneficiaries who participated in the Ticket Program and for whom SSA made a Ticket Program-related payment to an EN or VRA in FY 2005. To meet our second audit objective, we examined Ticket Program savings related to this group of beneficiaries who participated in the Ticket Program.

To help further demonstrate the effects of the Ticket Program, we compared the work activity and related savings for beneficiaries who participated in the Ticket Program with disabled beneficiaries who received vocational services from VRAs, but did not participate in the Ticket Program, in the same timeframe of our review.

While we understand that a review of all beneficiaries who participated in the Ticket Program since it was implemented would have provided a more definitive analysis of work activity trends and program savings, the population we reviewed provided a defined group of over 3,000 Ticket Program participants who obtained enough work activity to trigger a payment by SSA to an EN or VRA. The size of the population we reviewed allowed us to complete an analysis that provided an indication of the savings achieved by Ticket Program participants.

We provided SSA an opportunity to provide technical comments on an earlier version of this report. We made changes to the report based on SSA's comments, as appropriate.

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<sup>8</sup> Mathematica Policy Research, Inc., *Evaluation of the Ticket to Work Program, Initial Evaluation Report*, February 2004.

## RESULTS OF REVIEW

SSA made a Ticket Program-related payment in FY 2005 for approximately 3,800 of the 10 million beneficiaries, or less than one-tenth of 1 percent, who had received a Ticket by the beginning of FY 2005.<sup>9</sup> These roughly 3,800 beneficiaries who participated in the Ticket Program appeared to have limited success in maintaining economic self-sufficiency. Approximately one-third of the beneficiaries we reviewed did not have earnings from work activity from October 2004 to December 2006. Of the remaining two-thirds who had earnings for at least some of these months, half were not employed as of December 2006. A comparative analysis of beneficiaries we reviewed who participated in the Ticket Program to disabled beneficiaries who received vocational services outside the Ticket Program, and for whom SSA made a Ticket Program-related payment in FY 2005, showed a similar work activity pattern. Specifically, the percentage of beneficiaries with earnings on their records after receiving vocational services steadily decreased over time for both groups.

While beneficiaries who participated in the Ticket Program and those who received vocational services outside the Program generated similar rates of savings, the Ticket Program incurred additional costs for the Agency. Also, the legislation that created the Ticket Program assumed that increases in the percentage of disabled beneficiaries returning to work would result in significant savings. However, there was not a significant increase in the percentage of disabled beneficiaries who had their benefits suspended because of work activity after the Ticket Program was implemented. Also, the Ticket Program did not realize the savings projected by the CBO when Congress passed the legislation.

## ECONOMIC SELF-SUFFICIENCY

We determined whether the 3,430<sup>10</sup> beneficiaries who participated in the Ticket Program, and for whom SSA made a Ticket Program-related payment to an EN or VRA in FY 2005, had earnings on their records demonstrating employment in FY 2005 and whether they continued to be employed as of December 31, 2006. We found the following:

- 1,165 participants<sup>11</sup> had no work activity recorded in the 27-month review period,
- 1,105 participants had some work activity recorded during the 27-month review period, but were not working as of December 2006,

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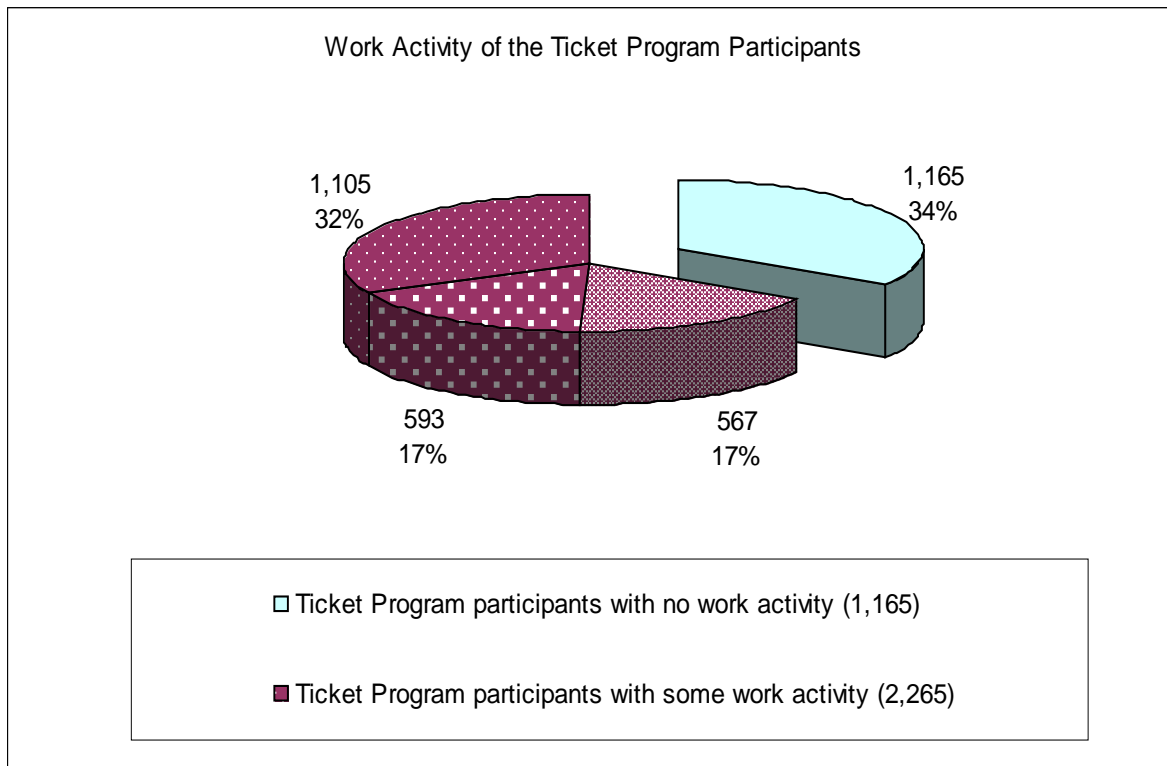
<sup>9</sup> Based on 10,050,317 tickets mailed as of October 18, 2004.

<sup>10</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 VRA 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.

<sup>11</sup> These individuals had enough work activity before our audit period to initiate an EN or State VRA payment, but no work activity during our audit period (October 2004 through December 2006).

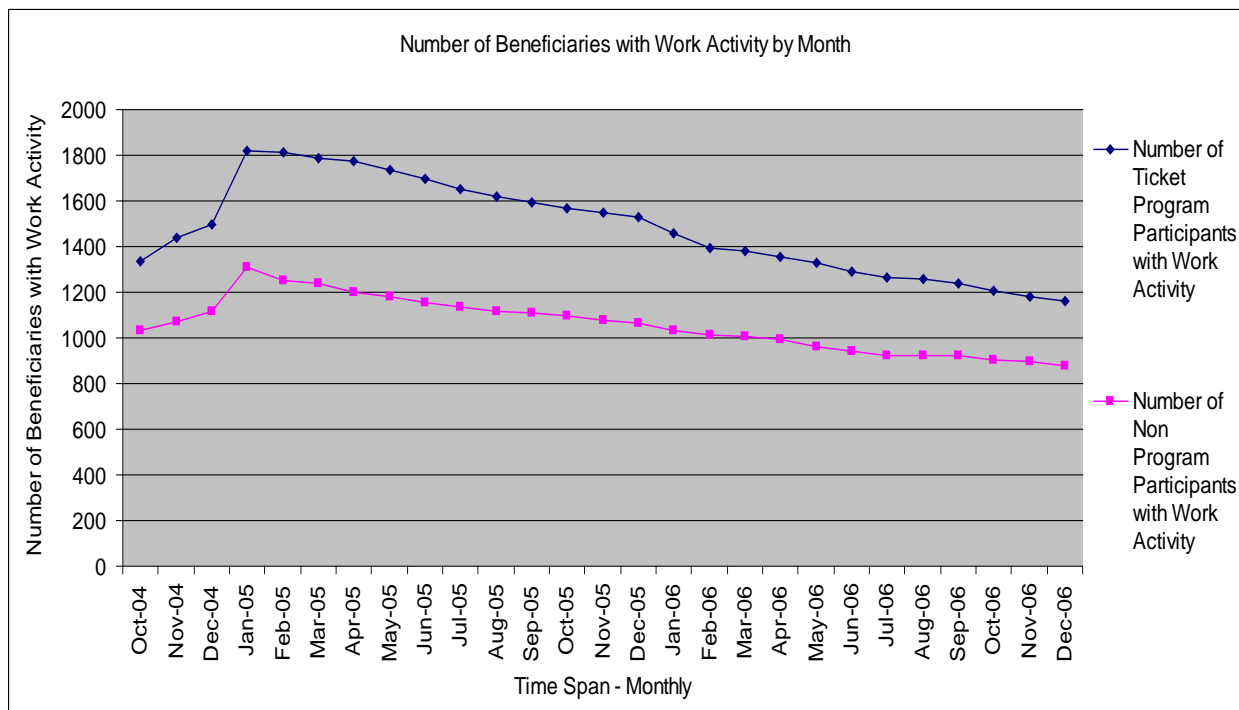
- 567 participants had some work activity recorded during the 27-month review period and were working as of December 2006, and
- 593 participants had work activity throughout the 27-month review period.

As such, 2,265 of the 3,430 beneficiaries who participated in the Ticket Program in our review obtained some employment from October 2004 to December 2006. (Please see the pie chart below.)



We completed a trend analysis of work activity for the 2,265 disabled beneficiaries who obtained at least some employment and found the number of beneficiaries working in each month steadily decreased during the period despite an initial surge in employment. We then compared the work activity of beneficiaries who participated in the Ticket Program to the 1,513 beneficiaries who received vocational services outside the Ticket Program and had also obtained employment during the period. (Please see the graph on the next page.)

We found that, while a higher percentage of beneficiaries who participated in the Ticket Program had some work activity from October 2004 to December 2006 when compared to non-participants (66 percent versus 52 percent), both groups experienced a steady decline in the number of those who continued to work. Also, a similar percentage of both groups was not working as of December 2006. Sixty-six percent of the beneficiaries who participated in the Ticket Program and 69 percent of the non-Program beneficiaries were not employed as of December 31, 2006.



The average amount of FY 2005 earnings for the beneficiaries we reviewed who participated in the Ticket Program and had FY 2005 work activity was approximately \$14,487. The average amount of FY 2005 earnings for the beneficiaries who received vocational services outside the Program in our review was about \$15,768. The median earning amount for the beneficiaries in the Ticket Program and those not in the Program during FY 2005 was \$12,616 and \$13,457, respectively. Refer to Appendix C for additional details of our economic self-sufficiency analysis.

### PROGRAM SAVINGS

While we understand that a review of all beneficiaries who participated in the Ticket Program since it was implemented would have provided a more definitive analysis of Program savings, the population we reviewed provided a defined group of over 3,000 Ticket Program participants who obtained enough work activity to trigger a payment by SSA to an EN or VRA. The size of the population we reviewed allowed us to complete an analysis that provided an indication of the savings achieved by Ticket Program participants. To determine the full potential savings of the Ticket Program, the actual savings achieved by all Ticket Program participants to date and estimates of how long each participant who returned to work would continue to work, resulting in continued savings due to the continued suspension of benefit payments, would need to be calculated. While we did not complete such an analysis, we developed an alternative methodology in an effort to present a reasonable indication of the Ticket Program's savings.



### ***Savings Attributable to the Ticket Program***

We calculated the savings attributed in FY 2005 for the 3,430 beneficiaries we reviewed who participated in the Ticket Program. We computed the amount of benefit payments SSA did not make based on these Ticket Program beneficiaries' work activity in FY 2005.<sup>12</sup> We also calculated the amount of Social Security taxes the disabled beneficiaries who returned to work paid based on their earnings. We determined that the individuals with work activity in 2005 generated approximately \$16.6 million in savings, or a savings of \$4,864 per beneficiary.

As a point of comparison, we computed the amount of benefit payments SSA did not make and the related taxes generated based on work activity from beneficiaries in our review who received vocational services outside the Ticket Program. We determined that the individuals who worked in FY 2005 generated approximately \$12.5 million in savings that year, or a savings of \$4,365 per beneficiary.

We understand that reviewing 1 year's savings understates the overall possible savings due to the Ticket Program. The nature of the Ticket Program is that costs tend to be front-loaded (that is, payments to ENs and VRAs after a short period of work by a beneficiary) and savings are realized over a long period of time (continued benefit reductions due to a beneficiary returning to work and remaining off the rolls). Though, as our self-sufficiency finding showed, the potential for continued savings lessens over time since fewer beneficiaries continued to work over time. Our analysis of the outcomes for the Ticket Program participants we reviewed 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, which are described below.

### ***Unique Ticket Program Costs***

While beneficiaries we reviewed in and out of the Ticket Program demonstrated similar program savings rates, the Ticket Program had some unique costs. For example, in FY 2005, SSA paid \$18 million in Ticket Program-related contract costs.<sup>13</sup> Included

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<sup>12</sup> While we calculated the actual savings for Disability Insurance (DI) primary beneficiaries, we estimated the savings due to DI auxiliary beneficiaries. Benefits for auxiliary beneficiaries would also be suspended or terminated in the month(s) the primary beneficiary received a zero benefit. Eight percent of primary DI beneficiaries had an auxiliary beneficiary. Given that the family maximum benefit was no more than 150 percent of the primary's benefit amount, we determined that the value of savings from all possible auxiliary benefits would be approximately \$1 million dollars. The calculated savings amount for the Ticket Program participants we reviewed includes this \$1 million estimate.

<sup>13</sup> In consultation with SSA officials, we excluded some non-recurring costs needed to develop and implement the Ticket Program.

in the Ticket Program's related annual contract costs was approximately \$13 million for services provided by MAXIMUS<sup>14</sup> and \$4.5 million for services provided by Mathematica Policy Research, Inc.<sup>15</sup>

SSA realized other Ticket Program unique operating costs, which we did not fully define. For example, 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>16</sup> The deferred CDRs are a cost to SSA, which 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 the cost of CDR deferrals to be \$287 million over a 10-year period.)

The Ticket Program may have a higher rate of costs in the future because of recent changes, which went into effect on July 21, 2008.<sup>17</sup> Amendments to the Ticket Program were made, in part, to create a greater financial incentive for EN participation in the Ticket Program through increased payments to participating ENs. As the new regulations state, incentives for organizations to serve as ENs are needed since over time, organizations have become more reluctant to join the Ticket Program as service providers. The overall number of service providers in the program remains low, with retention a major challenge.

SSA believes the amendments may increase the incentive for small or undercapitalized providers to participate as ENs, leading to greater beneficiary access to services and quality providers. While SSA envisions that the proposed amendments will lead to greater economic self-sufficiency, which could lead to greater savings for SSA, the changes will also increase Ticket Program costs. SSA estimated that the amendments would result in increased program outlays of \$1.2 billion over a 10-year period.

## **CONGRESSIONAL ESTIMATES**

In the Ticket Program legislation, Congress estimated that if an additional one-half of one percent of disabled beneficiaries were to cease receiving benefits as a result of employment, the savings to the Social Security Trust Funds and the Treasury in cash assistance would total \$3.5 billion over the work-life of such individuals. The percentage of disabled beneficiaries who ceased receiving benefits as a result of employment since the implementation of the Ticket Program has remained unchanged from the percentage of disabled beneficiaries who did so before implementation of the Ticket Program.

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<sup>14</sup> Under the contract, MAXIMUS serves as the Ticket Program Operations Support Manager and oversees and supports the processes necessary to sustain ongoing Ticket Program operations.

<sup>15</sup> Under the contract, Mathematica Policy Research, Inc., is tasked with evaluating the Ticket Program.

<sup>16</sup> Pub. L. No. 106-170 § 101 (a) and The Social Security Act, 42 U.S.C. 1301 *et seq.* § 1148 (i).

<sup>17</sup> 73 Federal Register 29324, May 20, 2008.

Before the Ticket Program was implemented, SSA reported that only one-half of 1 percent of disabled beneficiaries left the benefit rolls because of work. From Calendar Year 2002 to 2006, the years in which the Ticket Program was rolled out and fully implemented, the same percentage of disabled beneficiaries had their benefits suspended or terminated due to their return to work. One-half of 1 percent of disabled beneficiaries had benefits suspended or terminated due to their return to work in 2002, 2003, 2004 and 2006. The percentage of disabled beneficiaries who had benefits suspended or terminated due to returning to work rose slightly in 2005 to six-tenths of 1 percent. Though, in 2006, the rate of disabled beneficiaries who left the rolls due to work was back to one-half of 1 percent.

Similarly, the CBO projected that the Ticket Program would lead to a reduction in annual outlays in FY 2004, with increased savings each year thereafter. The CBO projected that the Ticket Program would reduce needed annual outlays due to savings by \$7 million, \$27 million, and \$60 million in FYs 2004, 2005, and 2006, respectively. In FY 2009, the reduction in outlays due to the Ticket Program was projected to be \$110 million. Based on our analysis of savings for the Program participants we reviewed and the additional costs incurred due to the Ticket Program, it does not appear that SSA realized the savings projected by CBO.

The fact that CBO's projected savings have not been realized may be due to the assumptions CBO used in making the projections, which also had not been met. CBO assumed that 5 percent of eligible beneficiaries would participate in the Ticket Program. As of January 2008, only 1.5 percent of eligible beneficiaries assigned their tickets to an EN or VRA, and a much smaller percentage actually returned to work after entering the Program. Also, CBO projected that 50 percent of those who did return to work due to the Ticket Program would remain working after 3 years. Only 33 percent of the beneficiaries we reviewed who returned to work remained working after the 27 months in our review period.

## **CONCLUSION AND RECOMMENDATIONS**

We understand that the Ticket Program is a relatively new program and any savings achieved may be realized over a long period of time. Still, we found the economic self-sufficiency and related benefit savings outcomes were similar for beneficiaries, whether they participated in the Ticket Program or not. While the two groups had similar outcomes, SSA paid additional costs for the Ticket Program and recent changes are projected to increase the overall costs of the Ticket Program. Also, implementation of the Ticket Program did not appear to increase the percentage of disabled beneficiaries who returned to work, nor realize the outcomes and savings envisioned by Congress. Given our findings, we recommend SSA:

1. Evaluate the continued viability of the Ticket Program.
2. Work with Congress to reform or end the Ticket Program if the Agency determines it is not having the desired impact and/or it is not cost-effective.

## **AGENCY COMMENTS**

SSA agreed with our recommendations and provided general comments. The Agency's comments are included in Appendix E. Additionally, SSA provided technical comments which we incorporated into the report.

A handwritten signature in black ink, appearing to read "Pat P. O'Carroll, Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

# *Appendices*

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Economic Self-Sufficiency Analysis

APPENDIX D – Savings Attributable to the Ticket Program Analysis

APPENDIX E – Agency Comments

APPENDIX F – OIG Contacts and Staff Acknowledgments

## Acronyms

CBO	Congressional Budget Office
CDR	Continuing Disability Review
DCF	Disability Control File
DI	Disability Insurance
EN	Employment Network
FY	Fiscal Year
GAO	Government Accountability Office
MBR	Master Beneficiary Record
OESP	Office of Employment Support Programs
OIG	Office of the Inspector General
Pub. L. No.	Public Law Number
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
Ticket Program	Ticket to Work and Self-Sufficiency Program
VR	Vocational Rehabilitation
VRA	Vocational Rehabilitation Agency

# Scope and Methodology

To accomplish our objective, we:

- Reviewed Public Law 106-170, the *Ticket to Work and Work Incentives Improvement Act of 1999*, which established the Ticket to Work and Self-Sufficiency Program (Ticket Program) and related provisions. We also reviewed the related Congressional Budget Office Pay-As-You-Go Estimate issued on December 13, 1999 (as cleared by the Congress on November 19, 1999).
- Reviewed the regulations for the Ticket Program authorized by the *Ticket to Work and Work Incentives Improvement Act of 1999* and related program regulations (20 Code of Federal Regulations, Part 408, 411 and 416).
- Reviewed *Amendments to the Ticket To Work and Self-Sufficiency Program; Final Rule* issued on May 20, 2008 with the intended purposes as follows:
  - To increase the incentive for small or undercapitalized providers to participate as Employment Networks (EN).
  - To improve beneficiary access to services and quality providers.
- Reviewed the Ticket Program contracts, applicable during the audit scope period October 1, 2004 through December 31, 2006, between the Social Security Administration (SSA) and MAXIMUS, Inc., as follows:
  - Contract Number 0600-00-60020 for the period October 1, 2004 through September 28, 2005.
  - Contract Number SS00-05-60079 for the period September 29, 2005 through December 31, 2006.

Per our review of the relevant task objectives in each contract, we concluded that the task objectives did not substantially change from one contract to the next.

- We used the following Program Operations Manual System sections and Operations Bulletins to define the related criteria.
  - DI 10501.015 - *Tables of Substantial Gainful Activity Earnings Guidelines and Effective Dates Based on Year of Work Activity*
  - DI 13010.500 - *Disability Control File*
  - DI 40505.210 - *Identifying Concurrent Cases - Deciding Need for Title XVI Determination and Title XVI Continuance Notice*

- DI 55002.005 - *Who is Eligible For A Ticket*
  - DI 55002.035 - *Determining Why The System Did Not Select A Beneficiary/Recipient For A Ticket*
  - DI 55002.040 - *What to Do When Unable to Determine Why a Beneficiary/Recipient Is Not Ticket Eligible*
  - DI 55002.055 - *Policies Related to Ticket Terminations*
  - DI 55030.010 - *MAXIMUS' Responsibilities for Reporting Alleged Gross Beneficiary/Recipient Earnings to SSA*
  - DI 55030.055 - *Handling Fraudulent Earnings Reports*
  - DI 55030.065 - *Continuation of the VR Cost Reimbursement Payment System*
  - DI 55060.005 - *Overview of EN Payment Policies*
  - RS 00615.742 - *Maximum Family Benefit Based on DIB Eligibility After 1978 - Initial Entitlement After June 1980*
  - SI 00820.500 - *Earned Income Exclusions – General*
  - SI 02001.020 - *Title XVI Rate Increases and Rate Charts*
  - SM 00510.093 - *Primary Insurance Amount History Data Line*
  - SM 00510.175 - *Benefit Data Line*
  - SM 00510.585 - *History Data Line*
  - SM 00550.020 - *Ledger Account File Codes*
  - SM 00848.425 - *Determining Reason for Deduction, Work Indication Code and Reason for Suspension or Termination – replaced SM 00848.480*
  - SM 00848.450 - *Determining the Work Indication Code, Work Deductions*
  - SM 01601.745 - *Earned Income Data*
  - SM 01601.805 - *Payment Status Codes in Computation History*
  - SM 03020.200 - *Miscellaneous Suspensions and Reinstatements*
  - Operations Bulletin 01-018 – *Manual Adjustment Credit and Award Process Enhancements for Current Operating Month 2/2001 (Issued Date – 02/08/01)*
  - Operations Bulletin 05-022 – *Processing Disability Awards that Involve a Closed Period of Entitlement (Issued Date – 03/31/05)*
  - Annual Statistical Supplement, 2006 – *Program Overview of SSI released June 2007 by the Office of Policy*
  - SSA Handbook 2147 - *Tables of Federal Benefit Rates, One-Third Reduction Values, and Presumed Maximum Values*
- Reviewed the Modernized Systems Operations Manual sections: CDR 004.001 – CDR 004.013 - *Ticket to Work*.
  - Reviewed the Vocational Rehabilitation (VR) Providers Handbook. The purpose of this Handbook is to serve as a guide to the SSA's VR Program for providers of VR services to Social Security disability clients. The Handbook is organized into chapters and appendices dealing with the following:
    - Different aspects of SSA's VR program, such as the requirements for reimbursement, the submission of claims, etc.



- Transmittals 1 through 25 last updated December 28, 2004 by SSA's Office of Employment Support Programs (OESP) Provider Operations Team, which is a division of the Office of Retirement and Disability Policy.
  - Information about SSA's VR program that is needed by providers who wish to participate in the Ticket Program and is intended to be a practical "how-to" guide for such providers.
- Reviewed the following Government Accountability Office (GAO) reports:
    - GAO/T-HEHS-98-230, *Social Security Disability Insurance: Factors Affecting Beneficiaries' Return to Work* (Released in July 1998).
    - GAO-05-248 – *Social Security Administration - Better Planning Could Make the Ticket Program More Effective* (Released in March 2005).
    - GAO-07-332 – *Vocational Rehabilitation – Earnings Increased for Many SSA Beneficiaries after Completing VR Services, but Few Earned Enough to Leave SSA's Disability Rolls* (Released in March 2007).
    - GAO-07-521 – *Vocational Rehabilitation – Improved Information and Practices May Enhance State Agency Earnings Outcomes for SSA Beneficiaries* (Released in May 2007).
  - Reviewed two reports, *Evaluation of the Ticket to Work Program*, issued by Mathematica Policy Research, Inc.
    - *Initial Evaluation Report* – issued in February 2004.
    - *Implementation Experience During the Second Two Years of Operations* – issued in January 2006.
  - Interviewed SSA personnel and reviewed other pertinent information about the Ticket Program necessary to complete our audit steps.
  - Obtained a data extract of Ticket Program details for Fiscal Year (FY) 2005 from OESP, which included data on 12,551 payments made to VR agencies and ENs, totaling \$77,889,691 for services provided to 7,256 disabled individuals. Of that amount, 9,080 of the payments, amounting to \$32,620,730, were made to State VR agencies or ENs on the behalf of 3,829 individuals who participated in the Ticket Program. The remaining 3,471 payments totaling \$45,268,961 were made for 3,427 individuals who received services from a State VR agency, but who did not participate in the Ticket Program.
  - Extracted at least one Master Beneficiary Record (MBR), Supplemental Security Income Record (SSR), and/or the Disability Control File (DCF) record from the above data for 6,301 of the 7,256 individuals. These records consisted of 3,430 participants of the Ticket Program and 2,871 non-Program participants. We

extracted the benefit history, work activity, related earnings and benefit status of these beneficiaries and calculated benefit savings and tax revenue using the payroll tax rate for 2005 (see Appendix D for details).

- Obtained Ticket Program costs incurred during FY 2005.

We provided the results of our analysis of the Ticket Program savings for the beneficiaries we reviewed to OESP for review. We provided the results of our calculation of the Ticket Program costs to OESP, the Office of Acquisition and Grants and the Division of Administrative Payments, Office of Finance, for review. All components concurred with our savings and cost calculations as reported in the text of the report.

We conducted our audit in the New York Audit Division from April 2007 through February 2008. We found the data used for this audit were sufficiently reliable to meet our objectives. The entity audited was the Office of Retirement and Disability Policy's OESP. Our audit was performed in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Economic Self-Sufficiency Analysis

## DATA COLLECTION

To evaluate the Ticket to Work and Self-Sufficiency Program (Ticket Program), our audit population consisted of individuals of a working age between 18 and 64 years old, receiving Title II, Title XVI or concurrent benefits and on behalf of whom an Employment Network (EN) or State Vocational Rehabilitation Agency (VRA) received payment during Fiscal Year (FY) 2005. We used this audit scope period since it was the first full year after the Social Security Administration (SSA) completed mailing tickets to all eligible beneficiaries. We obtained a database of this audit population from SSA's Office of Employment Support Programs (OESP). Specifically, the data contained information for 7,256 individuals of 12,551 payments totaling \$77,889,691. Of that amount, ticket assignments accounted for 9,080 payments to VRAs and ENs, totaling \$32,620,730, made on the behalf of 3,829 individuals. The remaining 3,471 payments totaling \$45,268,961 were made to VRAs on the behalf of 3,427 individuals who did not participate in the Ticket Program during the period.

## DATA EXTRACTION

We matched the database provide by OESP and extracted a Master Beneficiary Record (MBR), Supplemental Security Record (SSR), and/or the Disability Control File (DCF) record for 6,301 of the 7,256 individuals.<sup>1</sup> These records consisted of 3,430 participants of the Ticket Program and 2,871 non-Program participants. We used each of the following to determine monthly work activity.

- MBR – Monthly data extract of HISTORY and BENEFIT lines (reason for deduction, work indicator code, reason for suspension or termination, etc.) for Title II beneficiaries. Reviewed all applicable data fields to determine work activity.
- SSR – Monthly data extract from Computation History, Earned Income History, and other applicable segments (benefit payment due and paid, pay status, wages, non-wages, etc.) for Title XVI and concurrent beneficiaries. Reviewed all applicable data fields to determine work activity.

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<sup>1</sup> We were unable to obtain all the required records needed for our analysis for 955 individuals (399 Ticket Program participants and 556 non program participants) of the 7,256 records provided to us from OESP. In part, the reason we were unable to acquire all the data needed was due to limitations in the DCF. The DCF does not recognize dual entitlement (concurrent) cases, so we were unable to collect all the data needed for many concurrent cases. Also, when matching the databases used in our analysis (MBR, SSR, DCF), we were not always able to find a corresponding record in each of the databases matched, leaving us with incomplete data for some individuals.

- DCF – Monthly data extract from Query Earnings screen (gross wages from employment and net earnings from self employment) and pertinent ticket information from Ticket Query screen for Title II, Title XVI and concurrent beneficiaries. Reviewed all applicable data fields to determine work activity.

## **DATA CALCULATION**

To determine whether beneficiaries had work activity, we:

- Examined data records to determine monthly work activity from October 1, 2004 through December 31, 2006 for the 6,301 individuals. Specifically, we reviewed each beneficiary's record(s) to determine whether they had work activity annotated. If so, we further reviewed the records for related earnings, benefit history, benefit status, and other applicable fields as needed.
- Performed a trend analysis of work activity for beneficiaries with work activity annotated in their records to determine whether they achieved economic self-sufficiency by remaining off the benefit rolls. We also measured whether the work activity increased or decreased during the review period.
- Conducted a comparative analysis of Ticket Program participants with non-Program participants to determine whether any differences in work activity trends and/or employment outcomes existed.

## Savings Attributable to the Ticket Program Analysis

- For Title II beneficiaries, we obtained a Master Beneficiary Record data extract from the HISTORY and BENEFIT lines (reason for deduction, work indicator code, etc.) for each beneficiary per month. When work activity was annotated we computed unpaid Title II benefit savings per Program Operations Manual System guidance.
- For Title XVI and Concurrent beneficiaries, we obtained a Supplemental Security Record data extract from the Computation History, Earned Income History, and other applicable segments (benefit payment due and paid, pay status, wages, etc.). When work activity was annotated we computed unpaid and/or reduced Title XVI and Concurrent benefit savings per the Social Security Administration's Handbook for Federal Benefit Rates.
- When calculating benefit savings, we compared the benefit amount due in the month(s) before any decrease in the full benefit amount or benefit suspensions or terminations to the decreased amount.
- When calculating the savings due to tax revenues that were the result of work activity by the beneficiaries we reviewed, we attributed all work activities to the Ticket Program and used a tax rate of 15.3 percent applied to gross wages or net self employment earnings.
- We used the Supplemental Security Record and the Disability Control File (DCF) earning data for calculation of tax revenues from the Title XVI and Concurrent beneficiaries. However, since the Agency did not post some beneficiaries' earnings on the DCF after their benefits were terminated, our calculation of tax revenues generated by Title II beneficiaries, which solely relied on the earning amount shown on the DCF, may not have included some of the collected tax from these beneficiaries. According to SSA, this amount should be fairly small and should not significantly affect our analysis. Also, it would affect all the beneficiaries we reviewed; those who participated in the Ticket Program and those who did not.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** July 21, 2008 **Refer To:** S1J-3

**To:** Patrick P. O'Carroll, Jr.  
Inspector General

**From:** David V. Foster /s/  
Executive Counselor to the Commissioner

**Subject:** Office of the Inspector General (OIG) Draft Report, "Ticket to Work and Self Sufficiency Program Cost Effectiveness" (A-02-07-17048)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our response to the report findings and recommendations are attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:  
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM COST EFFECTIVENESS" (A-02-07-17048)**

Thank you for the opportunity to review and comment on the draft report. We generally agree with the report's contents and findings. Your results are similar to the May 2007 findings produced by our evaluation contractor, Mathematica Policy Research (MPR), Inc., based on their analysis of the Ticket to Work and Self-Sufficiency Program (Ticket Program). Like your report, the 2007 MPR report found that the Ticket Program did not produce significant savings in FY 2005 and was not meeting the goals envisioned by Congress.

In establishing work incentives for our disabled beneficiaries, Congress foresaw the potential need to adjust the Ticket Program and provided us the authority to modify the program based on findings from our internal evaluations. While we recognize that the Ticket Program is still in a very early phase, we believe the MPR evaluations and other analyses contained sufficient evidence to indicate that major changes in the program are necessary. On May 20, 2008, we proposed and published new rules to address the problems identified in MPR's report.

Additionally, MPR's analysis of the potential impact of the new regulations suggests that the new rules are likely to have a significant and positive impact on the Ticket Program. While it is not possible to fully determine the cost effectiveness of the program until the longer-term employment outcomes of participants have played out, we will continue to monitor the types of partial outcomes presented in this report to determine whether the program is on the right path.

We appreciate your work in this area, and the results of this review will assist with our ongoing evaluation of the Ticket Program. Our responses to the specific recommendations are as follows.

Recommendation 1

Evaluate the continued viability of the Ticket Program.

Comment

We agree. We will continue to work with MPR to conduct ongoing evaluations and analyses of the Ticket Program. As a result of the recently published new rules, we extended the period for evaluation and analysis of the program through 2010.

Recommendation 2

Work with Congress to reform or end the Ticket Program if the Agency determines it is not having the desired impact and/or it is not cost-effective.



## Comment

We agree. After MPR completes the extended evaluation and analysis, we will determine a course of action based upon their findings. If we determine that the program is not producing the desired impact, or is not cost-effective, we will work with Congress to develop an appropriate course of action.

Also, in order to enhance the accuracy of the report, we offer the following general and technical comments for your consideration.

- Regarding the findings on pages 4-6, it is important to note that because of known lags in the Ticket Program payment process, many of the Ticket Program-related payments made to an Employment Network (EN) or Vocational Rehabilitation Agency (VRA) in FY 2005, were for work activity by beneficiaries that occurred before FY 2005. Similarly, there are likely many program participants who had earnings in FY 2005 but for whom we did not make the Ticket Program-related payments to an EN or VRA until after FY 2005. As a result, the population selected for review (i.e., beneficiaries for whom a Ticket Program-related payment was made to an EN or VRA in FY 2005) includes participants who ceased working prior to FY 2005 and excludes some participants who had earnings in FY 2005. This point is necessary to support the proper interpretation of the self-sufficiency findings presented. We know (and the draft report shows) that the earnings of disabled beneficiaries who attempt work tend to fall over time. As a consequence, the percentage of program participants with earnings in the review period would likely be larger than that presented in the draft report if OIG based the review population on the period in which the beneficiary worked, rather than the period in which we actually made payment to an EN or VRA because of that work.
- Page 9 discusses the Congressional Budget Office (CBO) “PAY-AS-YOU-GO ESTIMATE” from December 1999 and the anticipated Ticket Program savings in FYs 2004-2006 and FY 2009 shown in the CBO report. It is worth noting, however, that the CBO estimates assumed the phased implementation of the Ticket Program would start in 2001, although implementation actually began a year later in 2002. Noting the difference between the assumed and actual start dates helps to place the CBO estimates in the proper context of the OIG findings for FY 2005. The relevant FY 2005 figure for expected savings from the CBO analysis would have been \$7 million, rather than \$27 million, if CBO had used a start date of 2002 rather than 2001.
- We would also like to point out that we did not fully implement the Ticket Program nationwide until late in 2004. We believe, therefore, that the OIG review period, October 2004 – December 2006, was too early in the life of the program to provide a meaningful assessment of the affect of the Ticket Program on the return-to-work efforts and earnings of disabled beneficiaries.

[In addition to the information listed above, SSA also provided technical comments which have been addressed, where appropriate, in this report.]

## OIG Contacts and Staff Acknowledgments

### ***OIG Contacts***

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### ***Acknowledgments***

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Pat Kennedy, Audit Manager, Computer-Assisted Audit Techniques

Joseph Cross, IT Specialist

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OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

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