

March 2005

SOCIAL SECURITY
ADMINISTRATION

Better Planning Could
Make the Ticket
Program More
Effective



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Abbreviations

DI	Disability Insurance
EN	Employment Network
SSA	Social Security Administration
SSI	Supplemental Security Income
VR	Vocational Rehabilitation

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United States Government Accountability Office
Washington, DC 20548

March 2, 2005

The Honorable Charles E. Grassley
Chairman
The Honorable Max Baucus
Ranking Minority Member
Committee on Finance
United States Senate

The Honorable William M. Thomas
Chairman
The Honorable Charles B. Rangel
Ranking Minority Member
Committee on Ways and Means
House of Representatives

The Social Security Administration (SSA) manages the two largest federal disability benefit programs and made approximately \$75 billion in payments to about 8 million beneficiaries (ages 18 through 64) in 2003. Given the size of its programs, even small improvements in SSA's ability to return beneficiaries to work offer the potential for significant savings. Until recently, Social Security beneficiaries who needed help returning to work generally had to seek services from state vocational rehabilitation (VR) agencies. Few beneficiaries used these services or successfully returned to work. Therefore, Congress passed the Ticket to Work and Work Incentives Improvement Act of 1999 (Ticket Act, P.L. 106-170) to create a Ticket to Work and Self-Sufficiency Program (the Ticket program). The program's goals are to expand the availability of service providers and to help enable beneficiaries to return to work, become self-sufficient, and stop receiving disability benefit payments. Eligible beneficiaries can use their tickets as vouchers to request vocational rehabilitation, employment, or other support services from the traditional state VR agencies or from new SSA-approved public or private providers, which are referred to as employment networks (EN).

The act required SSA to implement the Ticket program and make tickets available to all eligible beneficiaries. SSA decided to use three phases to make tickets available: (1) beginning with 13 states in February 2002, (2) expanding to 20 more states and the District of Columbia in November 2002, and (3) expanding to the final 17 states and 5 territories in November 2003. The act also required SSA to perform several periodic and

independent evaluations of the program. For example, SSA was mandated to periodically review the systems used to make payments to the providers and was also given authority to make needed changes. The act also required SSA to provide Congress with three independent evaluations of the effectiveness of program activities. Finally, the act created the Ticket to Work and Work Incentives Advisory Panel (the Advisory Panel) to include experts on employment and related services and representatives of individuals with disabilities to provide advice and reports on the program to SSA, the Congress, and the President.

The Congress also mandated in the Social Security Protection Act of 2004 that GAO evaluate the Ticket program and provide a report to Congress by March 2, 2005. The statute requires that GAO (1) examine the annual and interim reports issued by the Commissioner of Social Security and the Advisory Panel,¹ (2) assess the effectiveness of the activities carried out under the program, and (3) recommend legislative or administrative changes, if appropriate. To meet these requirements, our report examines: (1) the progress SSA has made in implementing and evaluating the Ticket program and achieving its goals, (2) the problems that have limited the program's ability to achieve its goals, (3) the recommendations to better achieve the goals of the program made by the Advisory Panel, researchers, and service providers, and (4) the challenges SSA faces in implementing changes to achieve the program's goals. On February 25, 2005 we briefed your staff on the results of our analysis. This report formally conveys the information provided during the briefing (see app. I).

To assess the Ticket program, we reviewed and evaluated the quality of key studies conducted for SSA on the implementation and effectiveness of the program. We also reviewed reports by the Advisory Panel and other related documents. To supplement information in these reports, we interviewed key stakeholders involved in implementing or evaluating the program, such as SSA officials, state VR officials, and Advisory Panel members. We also interviewed representatives of selected disability organizations to obtain their views on the Ticket program. However, our ability to evaluate the effectiveness of the Ticket program was limited by SSA's lack of information on beneficiaries' work efforts prior to the implementation of the Ticket program. We conducted our work between

¹While the mandate also required GAO to examine states' annual and interim reports on the Ticket program, we were unable to undertake this effort because states have not been required to, nor have they evaluated, the implementation and effectiveness of the Ticket program.

August 2004 and January 2005 in accordance with generally accepted government auditing standards.

In summary, we found:

- SSA has made progress implementing and evaluating the Ticket program, but the agency has had limited success in achieving the program's goals of expanding beneficiaries' choice of service providers and increasing beneficiaries' efforts to work and become self-sufficient. Although SSA experienced delays with the initial distribution of tickets, the agency finished distributing tickets to eligible beneficiaries throughout the nation in September 2004.² As part of implementation, SSA has also contracted for extensive assessments of its program's performance. Despite SSA's completion of key implementation activities, it has had limited success achieving its goal to encourage service providers to join the program and provide services to beneficiaries. As of August 2004, although SSA had contacted more than 50,000 potential new service providers, only 1,164 had become ENs and, as of May 2004, just 386 had accepted tickets and agreed to provide services to beneficiaries. Furthermore, early results indicate that the program has made little progress in achieving its goal of increasing beneficiaries' efforts to work and to discontinue receiving SSA's disability benefits. Of the 9.5 million beneficiaries receiving tickets, less than 1 percent (62,901) have assigned their tickets to an EN or state VR agency, as of August 2004. Lastly, about 160 beneficiaries have had sufficient earnings to result in the discontinuance of their disability benefit payments and payments to ENs, as of March 2004.³
- The Ticket program's ability to achieve its goals has been hindered by several factors, according to the Advisory Panel, researchers, and service providers. First, service providers believe that the program's payment system does not provide adequate compensation for the administrative costs of participating. Second, participation of eligible beneficiaries has been limited by the lack of ENs, the lack of outreach to provide information about the program, and the lack of incentives to encourage beneficiaries to participate. Beneficiary participation was also reduced by SSA's rules that exclude from the Ticket program some potential participants, such as adult beneficiaries who are expected to experience medical improvement. Finally, external factors, such as a decline in the

²SSA continues to distribute tickets to additional beneficiaries as they become eligible for the Ticket program.

³SSA was unable to provide us with more current data.

availability of jobs in the economy, may have discouraged program participation or reduced the success of beneficiaries' work activities.

- The Advisory Panel and others have suggested numerous changes to improve the Ticket program. The Advisory Panel and others believe that reforming the payment system is critical to expanding participation. In addition, they suggested numerous changes to reduce the administrative burden for service providers, such as having SSA provide additional services, guidance, and information to providers. To address limited beneficiary participation, the Advisory Panel and others have a number of suggestions, such as using a national campaign to market the program. The Advisory Panel also suggested that SSA include in the Ticket program beneficiaries it had previously excluded.
- SSA faces several challenges as it tries to improve the Ticket program's ability to achieve its goals. Although SSA has made some administrative changes to the program, the agency recognizes that additional changes are needed. However, SSA has deferred other reforms until it has performed additional assessments on changes that it believes could be costly. For example, SSA officials explained that reforms to the EN payment structure could increase Ticket program costs, but may not provide a commensurate decrease in benefit payments. In addition, some proposed changes go beyond the substantial authority provided to the agency in the Ticket Act and may require legislative actions or coordination with other agencies. To determine the most effective reforms, SSA officials told us they needed more time to collect and evaluate information on the program's performance, reasons for limited beneficiary participation, and the potential impact of reforms. However, the agency lacks a plan that defines when and how it will assess proposed changes and identify cost-effective reforms.

In conclusion, we believe rigorous planning is needed to provide sufficient and reliable information to adequately assess the numerous proposed reforms put forth by the Advisory Panel and others. Thorough and reliable analysis is particularly important because of the complexity and potential costs of this nationwide program, as well as the opportunities that it could provide to beneficiaries who want to become self-sufficient. Without a well-defined plan to assess proposed changes, SSA may not be able to provide stakeholders with cost-effective and timely solutions to increase program participation and the number of beneficiaries who become self-sufficient and move off the disability rolls.

GAO is making one recommendation to the Commissioner of Social Security. We recommend that SSA's Commissioner provide to Congress a

plan that defines how and when the agency will assess proposed changes so that it may provide timely and cost-effective solutions to increase program participation and the number of beneficiaries who become self-sufficient and move off the disability rolls.

In commenting on the draft of this report, SSA said that, although more could be done, it already had a plan to improve the effectiveness of the Ticket program. SSA pointed to its evaluation plan and other related efforts as its plan for improving the program. In our draft report, we recognized that SSA does have an extensive plan for evaluating the performance of the Ticket program. But, the agency's current plan does not specifically incorporate efforts to assess the potential costs and benefits of implementing changes proposed by the Advisory Panel and other stakeholders. As such, we continue to see a need for SSA to better delineate how and when the agency will assess the numerous recommendations put forth by the Advisory Panel and other stakeholders. We have revised our recommendation to clarify this point and, as needed, have made changes to address comments from the agency regarding appendix I. The agency's comments are provided in appendix II.

Copies of this report are being sent to the Commissioner of SSA, appropriate congressional committees, and other interested parties. This report is also available at no charge on GAO's Web site at <http://www.gao.gov>. If you have any questions about this report, please contact me or Carol Dawn Petersen at (202) 512-7215. Other contacts and staff acknowledgments are listed in appendix III.



Robert E. Robertson
Director, Education, Workforce,
and Income Security Issues

Appendix I: Briefing Slides



Congressional Briefing

SOCIAL SECURITY ADMINISTRATION:

Better Planning Could Make the Ticket Program More Effective

1



Background

- The Social Security Administration (SSA) manages the nation's two largest disability programs: Disability Insurance (DI) and Supplemental Security Income (SSI).
 - Approximately \$75 billion was paid to about 8 million DI and SSI beneficiaries (aged 18 to 64) in 2003.
 - Until recently, beneficiaries who needed help returning to work generally had to seek services from state vocational rehabilitation (VR) agencies. Few beneficiaries used these services or returned to work.
 - Even small improvements in SSA's ability to return beneficiaries to work offer the potential for significant savings.
-



The Ticket Act

- Congress passed the Ticket to Work and Work Incentives Improvement Act of 1999 (the Ticket Act) to
 - create a program to expand the availability of service providers
 - help enable beneficiaries
 - return to work,
 - become self-sufficient, and
 - stop receiving disability benefit payments.
 - Eligible beneficiaries can use their tickets as vouchers to request vocational rehabilitation, employment, or other support services.
 - Tickets can be used at VR agencies or at new SSA-approved public or private providers, known as employment networks (EN).
-



The Ticket Act (continued)

- The Ticket Act
 - required SSA to take specific steps to implement and evaluate the program,
 - gave SSA considerable authority to make changes to the program, and
 - created the Ticket to Work and Work Incentives Advisory Panel (the Advisory Panel).
 - SSA made tickets available to eligible beneficiaries in three phases:
 - (1) beginning with 13 states in February 2002,
 - (2) expanding to 20 more states and the District of Columbia in November 2002, and
 - (3) expanding to the final 17 states and 5 territories in November 2003.
-



Congressional mandate and objectives

- Congress mandated in the Social Security Protection Act of 2004 that GAO assess the Ticket program and make recommendations, as appropriate, to Congress by March 2, 2005.

 - To address the mandate, we reviewed the
 - (1) progress SSA has made in implementing and evaluating the Ticket program and achieving its goals,
 - (2) problems that have limited the program's ability to achieve its goals,
 - (3) recommendations that the Advisory Panel and others have made to achieve the program's goals, and
 - (4) challenges that SSA faces in implementing changes to achieve the program's goals.
-



Scope and methods

- To assess the Ticket program, we
 - reviewed and assessed the quality of key studies conducted for SSA,
 - reviewed reports by the Advisory Panel and other related documents,
 - interviewed key stakeholders, such as SSA officials, state VR officials, and Advisory Panel members, and
 - interviewed representatives of selected disability organizations to obtain their views on the Ticket program.
 - We conducted our work between August 2004 and January 2005 in accordance with generally accepted government auditing standards.
-



Key findings

- SSA has made progress implementing and evaluating the Ticket program, but has had limited success achieving the program's goals
- Inadequate incentives for service providers and beneficiaries to participate, limited marketing, and other factors have hindered the program's success
- The Advisory Panel, researchers, and service providers have suggested improvements to the payment structure and program design
- SSA faces several challenges implementing changes to meet program goals



SSA has made progress implementing the program, but has had limited success achieving program goals

- SSA implemented the Ticket program after delays establishing regulations
 - SSA continues to evaluate the program's ability to meet its goals
 - SSA has had limited success achieving its goal of expanding the number of ENs
 - SSA has had limited success achieving its goal of increasing beneficiaries' efforts to work and leave SSA's disability rolls
-



After experiencing delays, SSA has implemented the Ticket program

- The Ticket Act required SSA to issue final program regulations by December 2000, but it did not do so until December 2001.
- Difficulties establishing the regulations and other administrative problems delayed ticket distribution:
 - SSA was required to start making tickets available in December 2000, but did not do so until February 2002.
 - As of September 2004, SSA had distributed tickets to all eligible beneficiaries.



SSA continues to evaluate the program

-
- As part of implementation, SSA has contracted for extensive assessments of the program.
 - Contractors have
 - provided SSA with reports on the early implementation of the program and
 - developed extensive plans to
 - perform additional evaluations,
 - provide annual reports, and
 - report on the program's cost-effectiveness and its impact on beneficiaries' work outcomes in 2006, 2007, and 2008.



SSA has had limited success expanding the number of ENs

Despite contacting over 50,000 organizations, as of August 2004:

- A total of 1,164 ENs (or about 2 percent of the organizations contacted) were enrolled.
 - On average, there is 1 EN for every 8,167 ticket holders.
 - ENs held 5,603 tickets, or 9 percent of the tickets being used by beneficiaries.
 - State VR agencies held 56,488 tickets, or 91 percent of the tickets being used by beneficiaries.
-



SSA has had limited success increasing beneficiaries' efforts to work

As of August 2004:

- 9.5 million beneficiaries have received tickets.
- 62,901 of them (or less than 1 percent) have used their tickets.
- 687 ticket holders had earnings that resulted in an outcome or milestone payment to a service provider.

As of March 2004:

- About 160 ticket holders have had sufficient earnings to result in discontinuance of their disability benefits and payments to ENs.
-



Numerous problems have limited the program's ability to achieve its goals

- The Advisory Panel, researchers, and/or service providers have identified the following key problems:
 - Various features of the EN payment system
 - Some EN administrative requirements
 - Insufficient incentives and safeguards for beneficiaries
 - Insufficient marketing to beneficiaries
 - Exclusion of some beneficiaries from the program
 - A weak economy and other external factors



Key problems with the payment system

- ENs receive no up-front funding to cover costs and assume significant financial risk for assisting beneficiaries.
 - EN payments are small and contingent on a beneficiary's achieving sufficient earnings.
 - Earnings must be maintained for 60 months or more to ensure ENs receive the maximum payment.
 - Of the two EN payment options, most ENs have selected the milestone-outcome option because it can provide earlier payments, but total payments can be 15 percent less than the outcome-only option.
-



Key problems with the payment system (continued)

- The payment system creates
 - a disincentive for ENs to serve certain beneficiaries, such as those who need extensive services or cannot work full-time jobs,
 - confusion among ENs about whether funding from other federal and state programs can be used to assist beneficiaries with tickets, and
 - competition between ENs and state VR agencies that has
 - kept some service providers from participating because they did not want to change their ongoing relationships with VR agencies and
 - led to some financial and service agreements between VR agencies and ENs that may put ENs at a financial disadvantage.
-



Key problems with EN administrative requirements

- Screening beneficiaries: ENs can receive only contact information for beneficiaries and would like more information and guidance to help screen them.
- Educating beneficiaries: Beneficiaries receive little information from SSA on the program, so ENs report being inundated with inquiries.
- Tracking beneficiaries' earnings: While SSA has reduced some reporting requirements, ENs report continued difficulty obtaining earnings information and determining the level of earnings needed to qualify for payments.



Key problems with incentives and safeguards for beneficiaries

- According to the Advisory Panel and researchers, some beneficiaries may have little incentive to participate because they continue to
 - have limited choice in service providers and
 - fear that working could result in
 - the inability to retain or easily reinstate benefits when their efforts to work are unsuccessful and
 - overpayments from SSA that may cause a financial strain during repayment.
 - SSA is currently surveying beneficiaries to determine what factors influence their participation.
-



Key problems with incentives and safeguards for beneficiaries (continued)

- Program safeguards may not protect benefits in some cases and may increase beneficiaries' fears about working because
 - reinstatement of benefits can be expedited only when a beneficiary's job loss is caused by his or her disability and
 - SSA can reevaluate a beneficiary's eligibility for disability benefits if it determines that the beneficiary's progress in the Ticket program is insufficient.



Key problems with marketing

- As of September 2004, SSA's information to all eligible beneficiaries about the program has been limited to a brief cover letter and a pamphlet mailed with the ticket.
 - Although SSA employed its field staff and contracted with community organizations to provide outreach, the Advisory Panel reports that these efforts have been insufficient to meet the needs of beneficiaries.
 - SSA has also contracted for a national marketing campaign and recently taken actions to implement new marketing activities; however, the Advisory Panel and others believe that SSA should have moved more quickly to increase beneficiaries' awareness and interest in the program.
-



Key problem with exclusion of certain beneficiaries

- SSA excludes from the Ticket program:
 - adult beneficiaries who are expected to improve medically,
 - SSI beneficiaries under 18 years of age, and
 - SSI beneficiaries 18 years of age and older awaiting reevaluation of disability status using adult standards.

- Researchers believe that
 - adult beneficiaries who are expected to improve medically would likely benefit from vocational services and return to work, and
 - SSI beneficiaries who may be preparing to transition from school to work would also benefit from the program.



External factors may also hinder the program's success

The Advisory Panel and researchers have noted the following external factors may have hindered the program's success:

- a weak economy and reduced job availability,
- possible employer discrimination against people with disabilities, and
- states' limited participation in Medicaid buy-in programs to make health care more affordable for beneficiaries who want to work.



Suggested reforms to address key problems

- The Advisory Panel, researchers, and/or service providers have suggested making reforms to:
 - EN payment system
 - EN administrative requirements
 - incentives and safeguards for beneficiaries
 - marketing to beneficiaries
 - eligibility policies for beneficiaries



Suggested reforms to the payment system

According to the Advisory Panel, researchers, and/or service providers, the Ticket program should

- assist ENs with obtaining up-front funding
 - provide larger and earlier payments
 - shorten the payment period from 5 years to 3 years
 - reduce the difference between the maximum payments for the two EN payment options
-



Suggested reforms to the payment system (continued)

According to the Advisory Panel and/or others, the Ticket program should

- Enhance the potential for beneficiaries to receive needed services and reduce service provider competition by
 - allowing a VR agency and an EN to receive payments when serving a beneficiary with both short- and long-term needs
 - reducing the minimum earnings needed to trigger EN payments for beneficiaries who cannot work full-time jobs
 - clarifying that EN payments should not disqualify a beneficiary from receiving funds or services from other federal and state programs
 - creating guidance for developing VR-EN agreements and a model agreement to equitably share the benefits and risks of participating
-



Suggested reforms to reduce EN administrative burdens

According to the Advisory Panel and/or others, the Ticket program should

- provide more information about beneficiaries to ENs to enable them to screen beneficiaries more effectively
- provide more information to beneficiaries to reduce the demand for information from ENs
- track earnings for ENs or provide case tracking software to ENs
- establish national technical assistance and training for ENs to provide best practices for program administration



Suggested reforms to strengthen incentives and safeguards for beneficiaries

According to the Advisory Panel and/or others, the Ticket program should

- provide incentive payments to beneficiaries who complete a work plan to become self-sufficient
- create Individual Development Accounts so working beneficiaries can retain earnings to support their work efforts
- not require beneficiaries to reimburse SSA for any overpayments made more than 6 months after the beneficiaries have reported their earnings
- expedite reinstatement of benefits for reasons other than job loss caused by the beneficiary's disability
- have the service provider determine that the beneficiary's progress is insufficient before SSA can reevaluate the beneficiary's eligibility for disability benefits



Suggested marketing reforms

According to the Advisory Panel and/or others, the Ticket program should

- Inform eligible beneficiaries about the Ticket program at least once a year
- Increase marketing by
 - immediately developing and implementing a nationwide marketing campaign to beneficiaries and other potential participants, and/or
 - targeting marketing efforts to beneficiaries who are most likely to pursue employment
- Expand community planning and outreach efforts to inform beneficiaries of work incentives and to clarify program rules



Suggested reforms to beneficiary eligibility policies

- The Advisory Panel and/or others have suggested that SSA expand eligibility to these additional groups of beneficiaries:
 - adult beneficiaries who are expected to improve medically,
 - SSI beneficiaries under 18 years of age, and
 - SSI beneficiaries 18 years of age and older awaiting reevaluation of disability status using adult standards.



SSA faces challenges in achieving program goals

- SSA has made some administrative changes, but recognizes additional changes are needed to meet program goals.
- SSA has deferred making other reforms until it has performed additional assessments on changes that it believes could be costly.
- For example, a SSA official explained that reforms to the EN payment system could increase program costs without providing a commensurate decrease in benefit payments.



SSA faces challenges in achieving program goals (continued)

- Some proposed changes may require congressional action or SSA's coordination with other agencies.
 - To assess potential reforms, SSA wants to gather more information on the program's performance, reasons for limited beneficiary participation, and the potential impact of reforms.
 - As part of this effort, the agency has an extensive and long-term plan to evaluate the program; however, it does not have a plan that clearly outlines when and how it will assess proposed changes and identify cost-effective reforms.
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Conclusions

- Given the complexity and size of the Ticket program, rigorous planning is needed to ensure that SSA has sufficient and reliable information to assess the numerous changes put forth by the Advisory Panel and other stakeholders.
 - Without a plan that specifies how and when it will assess the proposed changes, SSA may not be able to provide stakeholders with cost-effective and timely solutions to increase program participation and the number of beneficiaries who become self-sufficient and move off the disability rolls.
-



Agency recommendation

- SSA should provide Congress with a plan that defines how and when the agency will assess proposed changes so that it may provide timely and cost-effective solutions to increase program participation and the number of beneficiaries who become self-sufficient and move off the disability rolls.

Appendix II: Comments from the Social Security Administration



SOCIAL SECURITY

The Commissioner

February 14, 2005

Mr. Robert E. Robertson
Director, Education, Workforce
and Income Security Issues
U.S. Government Accountability Office
Room 5-T-57
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Robertson:

Thank you for the opportunity to review and comment on the draft report "SOCIAL SECURITY Administration: Better Planning Could Make the Ticket Program More Effective" (GAO-05-248). Our comments on the report are enclosed.

If you have any questions, please have your staff contact Candace Skurnik, Director, Audit Management and Liaison Staff at (410) 965-4636.

Sincerely,

A handwritten signature in black ink that reads "Jo Anne B. Barnhart".

Jo Anne B. Barnhart

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

COMMENTS ON THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO) DRAFT REPORT "SOCIAL SECURITY ADMINISTRATION: BETTER PLANNING COULD MAKE THE TICKET PROGRAM MORE EFFECTIVE" (GAO-05-248)

We appreciate the opportunity to comment on the GAO draft report concerning the Social Security Administration's (SSA) progress in implementing the Ticket to Work program.

The report notes that the Ticket to Work program has expanded the choices beneficiaries have for obtaining return to work services. The basic principle of the Ticket to Work program is to provide beneficiaries with opportunities for long-term work success in part by leveraging market forces.

Over the years, legislative and regulatory changes have added various work incentives to both the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. These incentives were intended to assist beneficiaries of both programs to transition to employment. The Ticket to Work program introduced an entirely different approach that empowers beneficiaries to secure employment support services. SSA recruits service providers and pays for outcomes rather than reimbursing for the services provided. The Ticket to Work program encourages a greater Agency emphasis on return to work and expands the services and opportunities we make available to persons with disabilities on our rolls.

The Ticket to Work program is now operating in all States and territories. As we implement the program, we will continue to assess and evaluate the effectiveness of our initial plan, including what changes are needed, and what adjustments would enhance our success. While, as the report points out, we have had limited success with the program so far, participation in the Ticket to Work program has shown steady growth, and we anticipate continued success in our efforts to enlist employment networks (EN) and encourage beneficiary participation. However, due to the relative infancy of the program, and the slow growth in participation, SSA has been impeded in the collection of objective information on EN and beneficiary experiences.

The report indicates that SSA does not have a plan to identify and evaluate possible changes to improve the Ticket to Work program. This is not accurate. SSA's plan to improve the effectiveness of the Ticket to Work program is built, in part, upon SSA's contract with our independent Ticket to Work evaluator, Mathematica Policy Research, Inc. (MPR). The statement of work for the evaluation contract provides, in part: "The evaluation will also provide feedback to policymakers through periodic reports detailing data collection, findings and recommendations for program modifications." In conducting the evaluation, MPR utilizes a Technical Evaluation Support Group (TESG) of technically qualified evaluation experts, knowledgeable return-to-work practitioners, and program experts. TESG members provide feedback to MPR and SSA on evaluation methodology and findings. The support group also provides policy context for the results and provides advice on emerging issues related to the Ticket to Work program. MPR has provided SSA policy-makers with briefings as findings are developed. To this end, SSA

has also refined and focused its information gathering to address specific areas where more information is needed. For example, SSA has asked MPR to develop an EN cost model for the 2004 evaluation report to better understand the cost and revenue constraints faced by ENs. We expect to have this report in Spring 2005, and we will consider appropriate changes based on the information reported.

SSA has a well-defined plan for improving the effectiveness of the Ticket to Work program that includes a set schedule for the collection and evaluation of program data. We will make changes to the program based on evidence that those changes will improve the overall effectiveness of the program.

The draft report fails to acknowledge the very detailed conversations in the SSA staff interviews that GAO held during the study. During these conversations, SSA staff attempted to make clear to the auditors that the Agency has devoted a significant amount of resources to attempting to understand the dynamics of the current program and to investigating alternative approaches. The Agency will continue to explore a variety of possible changes to the program to determine whether there is clear evidence that any of the changes would be likely to result in improvements to the program's performance. More specifically, the entrance and exit conferences, the staff interviews and GAO's requests for information mostly centered on the recommendations made by the Ticket to Work and Work Incentives Advisory Panel (Panel), service providers, and researchers, and on SSA's challenges in implementing changes to the programs. We summarize below the Agency's approach and limitations in sorting through this collection of recommendations.

As we have moved forward with this program, we have listened carefully to interested individuals and organizations, including the Panel, service providers, and advocates. This draft report lists many of the criticisms and suggestions for change that have been presented.

In the Ticket to Work and Work Incentives Improvement Act of 1999, Congress mandated that SSA study whether the Ticket to Work program provides adequate incentives for ENs to serve beneficiaries in four targeted groups. SSA responded by using the Disability Research Institute to commission an Adequacy of Incentives (AOI) Advisory Group. The AOI Advisory Group was charged with developing specific recommendations for regulatory changes to the Ticket program with reference to those targeted groups. The AOI Advisory Group concluded that beneficiaries with disabilities in the targeted groups may represent much more than a small percentage of Ticket holders and broadened their recommendations in an effort to improve the adequacy of incentives for serving all beneficiaries. In addition, these recommendations reflected the overarching goals of the President's New Freedom Initiative—maximizing economic self-sufficiency, independent living, and informed choice of individuals with disabilities.

As SSA deliberates on making modifications to the current Ticket to Work regulations, we are considering recommendations from a broad spectrum including the AOI Advisory Group and the Panel. The statute itself limits our ability to consider some of the

recommendations that have been made. For example, the statute limits monthly outcome payments to ENs for SSI and SSDI beneficiaries to a percentage of average SSI and SSDI benefit levels and allows outcome payments to ENs only on behalf of individuals who are not receiving a disability benefit payment because of work or earnings. These provisions limit our ability to make outcome payments to ENs serving SSI only beneficiaries that are equivalent to those paid to ENs serving beneficiaries on the SSDI rolls. These provisions further prohibit us from making outcome payments to ENs who help SSI beneficiaries to reduce, but not totally eliminate their Federal SSI benefit.

We have made continual improvements in our administration of the Ticket to Work program since the first ticket was issued 3 years ago this month. As new information has revealed appropriate program improvements, SSA has acted to make these changes. Efforts to date, in this regard, include:

- The EN capitalization initiative to assist ENs to identify and access other funding streams;
- The EN Certification Payment Request Process to ease the EN's earnings documentation requirements;
- A marketing campaign, including a contract with the professional marketing firm Fleishman Hilliard to develop a comprehensive marketing strategy and materials, to increase awareness and interest in the Ticket to Work Program among beneficiaries and service providers. As part of this effort, we have already held focus groups with beneficiaries and other interested parties to get their input and reaction to test marketing products;
- The "Cities Campaign" to expand EN recruitment efforts through outreach and collaboration with local organizations in five large metropolitan areas; and
- The newly created EN Association.

We are closely examining the desirability of making changes to the existing Ticket to Work regulations in order to take advantage of the flexibility provided to SSA under the law to address many of the issues and recommendations raised by our stakeholders and cited in this report. Regulatory changes related to the EN payment structure and the interplay between ENs and State vocational rehabilitation agencies are being carefully evaluated.

In addition, we are preparing to do targeted mailings to nearly a million beneficiaries with tickets to stimulate interest in the Ticket program and to test how to best deliver these messages to our entire beneficiary population.

We have the following comments on the GAO recommendation:

Recommendation

SSA's Commissioner provide to Congress a plan that defines how and when the agency intends to identify cost-effective solutions to increase program participation and the number of beneficiaries who become self-sufficient and move off the disability rolls.

Response

As noted above, SSA has a plan to improve the effectiveness of the Ticket to Work program. That plan is built upon SSA's contract with MPR, our independent Ticket to Work evaluator. As mentioned previously, the statement of work for the evaluation contract provides, in part: "The evaluation will also provide feedback to policymakers through periodic reports detailing data collection, findings and recommendations for program modifications." Further, the activities described above further address the recommendation and some of the concerns cited in the report. We agree that more needs to be done.

We have the following comments regarding the slides in Appendix I:

Slide 7: Key Findings

Bullet 2 states that the Ticket program's success has been hindered by, among other things, "[l]ack of incentives for service providers and beneficiaries to participate." This statement seems overly broad in that it suggests an absence of any incentives for service providers and beneficiaries to participate in the program. The program provides an incentive for service providers to participate by providing milestone and/or outcome payments to providers when a beneficiary achieves a particular level of work. The Ticket program provides an incentive for beneficiaries to participate by providing protection against the start of a continuing disability review for a beneficiary who is "using" a ticket. In addition, the Title II and Title XVI programs provide various work incentives to encourage beneficiaries to attempt to work, including the trial work period and the extended period of eligibility under Title II and the section 1619 provisions under Title XVI.

Slide 14: Key problems with the Payment system

To fully explain the problems, we would suggest adding a bullet:

- EN payment system imposes significant financial risks for the administrative costs of participating ENs

Slide 17: Key problems with incentives and safeguards for beneficiaries

We would note that participation or nonparticipation in the Ticket program does not have any effect on SSA overpayments that result from work. Accordingly, the fifth bullet dealing with the financial strain of overpayments should be reworded. We suggest:

- potential overpayments and the ensuing financial strain that might occur during the period when the overpayments need to be repaid
-

Slide 19: Key problems with marketing

The first bullet fails to mention the pamphlet, "The Ticket to Work and Self-Sufficiency Program" that is included with the "brief cover letter mailed with the ticket." That statement also fails to recognize the ongoing extensive outreach campaign being carried out in all field components. Agency employees have conducted numerous outreach and information sessions on the Ticket to Work program in communities across the country, exhibited at numerous conferences and conducted Ticket to Work workshops for beneficiaries and their families, public and private agency staff and employers. Along with providing details on the Ticket to Work program, these sessions also feature explanations of SSDI and SSI work incentives. Our efforts include working with program and contract staff to develop a national Ticket to Work marketing campaign, to design new products that inform beneficiaries, employers and service providers about the Ticket program and to evaluate the effectiveness of our communication activities.

Slide 25: Suggested reforms to reduce EN administrative burdens

The first bullet raises privacy concerns. ENs should request the beneficiary to provide any needed information for effective screening. Any additional information given to beneficiaries about the Ticket program, as referenced in the second bullet, will help not only the EN, but all concerned. Fleishman-Hilliard currently has a marketing contract that includes marketing the Ticket program to beneficiaries.

Appendix III: GAO Contacts and Staff Acknowledgments

GAO Contacts

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Staff Acknowledgments

In addition to the individuals mentioned above, the following staff members made major contributions to this report: Gretta L. Goodwin, Theresa Lo, Cady S. Panetta, Tovah Rom, Daniel Schwimer, and Dianne Whitman-Miner.

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