

## ***Disabled SSI Recipients Who Work***

*by Charles G. Scott\**

A substantial working history is not a characteristic normally associated with recipients of Supplemental Security Income (SSI) payments. Yet nearly 80 percent of all SSI disabled recipients have worked before applying for SSI and 20 percent work after they start receiving SSI payments. This study takes a look at various facets of the work histories of disabled SSI recipients, including the amount and types of work done, and the types of recipients who seem most likely to work. Information on these histories was obtained from a 1-percent sample file cross-matched to SSI administrative records and other agency files containing data on employment histories and industry codes. Also discussed are the implications that these work histories have for efforts by the Social Security Administration to encourage SSI disabled recipients to begin or resume work.

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The Supplemental Security Income (SSI) program makes payments to aged, blind, and disabled persons whose income and resources are below specified limits. In December 1988, about 4.5 million persons were receiving SSI payments, nearly 3 million of whom were blind or disabled.

In addition to meeting the income and resource requirements, blind and disabled recipients must meet the program's definition of disability—that is, they must be unable to engage in any "substantial gainful activity" by reason of any medically determinable physical or mental impairment that can be expected to result in death, or that has lasted or can be expected to last for a continuous period of not less than 12 months. In 1988, earnings of over \$300 per month constituted substantial gainful activity.<sup>1</sup>

The definition of disability provides SSI applicants with a strong reason for not working at the point that they apply for payments. Once they begin to receive SSI payments, recipients find that these payments may be reduced or stopped because of working. Nevertheless, in December 1988, about 8 percent of all blind and disabled recipients between age 18 and 64 worked despite these barriers.<sup>2</sup>

In recent years, there have been legislative changes and initiatives by the Social Security Administration (SSA) for the purpose of encouraging SSI recipients to begin or to increase their work efforts. Provisions have been placed in the Social Security law that limit the adverse effects of work on the receipt of SSI payments and Medicaid benefits. These "work incentive" provisions make it possible for SSI recipients to have SSA disregard portions of income and/or resources in pursuit of occupational goals, to earn considerably more than the substantial gainful activity level, and to retain Medicaid coverage even when employment may cause SSI payments to stop.<sup>3</sup> In addition, SSA has increased its efforts to publicize these provisions.

Although there has been some information generated by SSA on the

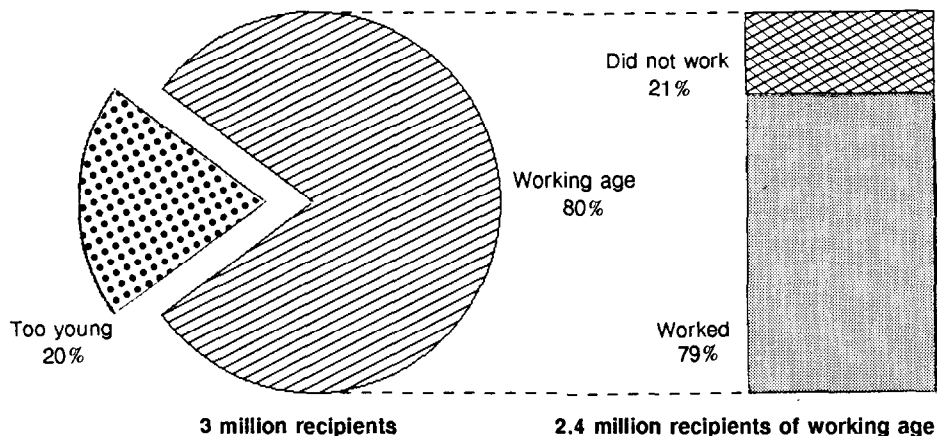
numbers of currently working disabled recipients, not much is known about the employment histories of SSI recipients.<sup>4</sup> The purposes of this article are to describe the earnings histories of a sample of SSI recipients both before and after they applied for SSI payments, and to discuss some implications of these patterns for agency work incentive efforts.

### Methodology

The data presented in this article come from a combination of four data files:

- SSI 1-Percent Sample File. This sample is drawn monthly from the Supplemental Security Record (SSR), the main administrative computer file used for the SSI program. The sample is drawn, based on the Social Security account number, from all recipients recorded on the SSR. The sample file contains demographic as well as program data, and has the basic cohort of SSI recipients used in this study. In December 1988, 29,892 blind and disabled SSI recipients were identified in this file.
- Continuous Work History Sample (CWHS). The CWHS contains wage and Social Security program data for a 1-percent sample of wage earners. The sample is drawn using the same account number criteria as the SSI 1-Percent Sample File. Variables extracted from the CWHS for this study include annual taxable earnings and quarters of coverage for each year between 1951 and 1987. Also used in this article are summaries of years with earnings for the period 1937-50.
- Longitudinal Employee-Employer Data (LEED) File.<sup>5</sup> The LEED File is another 1-percent file containing wage-related information. The variables taken for this study were the industry codes and years associated with the wage earners' annual earnings during the period 1957-87.

Chart 1.—Pre-application work experience of disabled SSI recipients



- SSI 10-Percent Disability File. This is an annual file that contains diagnosis codes for all current SSI recipients under age 65, as well as other demographic and program variables.<sup>6</sup> The account numbers in the SSI 1-Percent Sample cited earlier are a subset of this file.

The completed study file was created by matching the SSI 1-Percent Sample to the CWHS, the LEED, and the SSI 10-Percent Disability Files. Estimates shown are inflated from the sample. Standard errors for estimated counts and percentages are shown in the Technical Note at the end of the article.

### Pre-Application Earnings

Disabled SSI recipients can apply for SSI at any age up until 64, and may continue to receive payments as disabled recipients well beyond age 65. In December 1988, there were about 2,989,200 blind and disabled persons receiving SSI payments.<sup>7</sup> In order to study the pre-application earnings of these recipients, it was necessary to remove from the group those who had little opportunity to work prior to their application for SSI—those recipients who applied at age 18 or younger. Of the original 2,989,200 recipients, 2,385,400 applied after age 18 and therefore comprise the group studied in this section.<sup>8</sup>

Most SSI disabled recipients have at least some history of earnings before they apply for payments. Chart 1

shows that of the 2,385,400 SSI recipients in this study, about 79 percent (1,880,000) had 1 or more years of reported earnings. More detailed information is also presented in table 1. The mean number of years

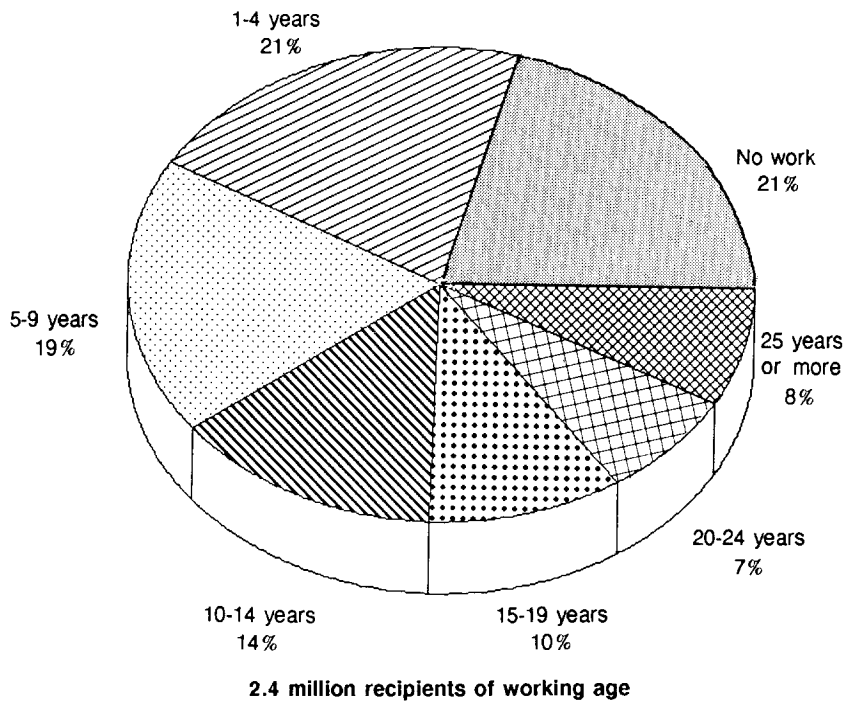
Table 1.—Pre-application work experience of disabled SSI recipients, by number of years with earnings, 1937-87,<sup>1</sup> and mean annual earnings, 1951-87<sup>2</sup>

Years and mean annual earnings	Total number	Total percent
Total recipients..	2,385,400	100.0
Without earnings .....	505,400	21.2
With earnings .....	1,880,000	78.8
1-4 .....	489,000	20.5
5-9 .....	452,500	19.0
10-14 .....	332,600	13.9
15-19 .....	240,400	10.1
20-24 .....	174,900	7.3
25-29 .....	107,400	4.5
30 or more .....	83,200	3.5
Mean number of years .....		11.6
With earnings		
after 1951 .....	1,818,600	100.0
Less than \$1,200 .....	447,500	24.6
\$1,200-\$2,399 .....	345,800	19.0
\$2,400-\$3,599 .....	277,800	15.3
\$3,600-\$4,799 .....	220,600	12.1
\$4,800-\$5,999 .....	165,400	9.1
\$6,000-\$7,199 .....	119,500	6.6
\$7,200-\$8,399 .....	81,300	4.5
\$8,400-\$9,599 .....	50,800	2.8
\$9,600 or more .....	109,900	6.0

<sup>1</sup> For a small number of SSI recipients who were participants in the prior State programs, the application date used in the study was 1974, the first year of the Federal SSI program.

<sup>2</sup> Specific annual amounts not available before 1951. Mean earnings excludes those years with no earnings.

**Chart 2.—Pre-application work experience of disabled SSI recipients**



with earnings was 11.6.<sup>9</sup> Only about 8 percent of the recipients had 25 years or more of earnings (as shown in chart 2 above).

Although the number of SSI recipients with some pre-application earnings history is quite large, the

average amounts of their earnings are quite small. The great majority of recipients (71 percent) earned less than \$4,800 per year. Only about 110,000 recipients had an earnings record averaging \$9,600 or more per year (table 1).<sup>10</sup>

**Age at Application**

Disabled individuals can apply for SSI at any age, from shortly after birth to age 64. The study group was limited to those persons applying after age 18. Of this group, about 43 percent applied after age 50 and 78 percent applied after age 30 (table 2). Recipients who applied at younger ages were less likely to have pre-application earnings and had fewer years with earnings. Because of the greater number of years available for older applicants to have worked, an index was created to measure the percentage of time they spent working before application. In table 2, the earnings index shows the number of pre-application years with earnings as a percentage of the total number of years available for work.<sup>11</sup> Recipients who applied at younger ages were somewhat more likely to have worked in any given year before application. Recipients who worked had earnings in about half of their working years before they applied for SSI. Younger applicants had lower average earnings than their older counterparts. Overall, the average annual earnings for the 1,880,000 SSI recipients who worked was \$3,706 per year, or about \$308 per month.

**Table 2.—Pre- and post-application work experience of disabled SSI recipients, by age at application <sup>1</sup>**

Age at application	Total number	Total percent	Percent with earnings	Mean years	Earnings index	Mean earnings
Pre-application work experience						
Total recipients . . . . .	2,385,400	100.0	78.8	11.6	0.46	\$3,706
19-21 . . . . .	185,800	7.8	51.4	2.4	.59	1,140
22-30 . . . . .	338,000	14.2	73.2	5.1	.52	2,052
31-40 . . . . .	377,600	15.8	81.0	8.8	.47	3,213
41-50 . . . . .	457,700	19.2	85.3	12.6	.45	4,053
51 or older . . . . .	1,026,300	43.0	81.9	15.1	.43	4,539
Post-application work experience						
Total recipients . . . . .	2,274,400	100.0	22.0	3.0	0.32	\$1,107
Under 18 . . . . .	169,900	7.5	37.3	3.2	.72	915
18-21 . . . . .	286,700	12.6	47.0	3.3	.41	957
22-30 . . . . .	288,400	12.7	36.6	3.1	.19	1,156
31-40 . . . . .	312,600	13.7	24.0	2.9	.11	1,258
41-50 . . . . .	391,200	17.2	14.6	2.7	.17	1,250
51 or older . . . . .	825,600	36.3	7.8	2.4	.34	1,223

<sup>1</sup> For earnings between 1937 and 1950, the number of years with earnings was available, but the annual dollar amounts were not. In table 3 and in subsequent tables the columns showing percentages with earnings and mean years with earnings include the years between 1937 and 1950. The mean years column also reflects all pre-application years, including years before age 19. The columns showing the earnings index and the mean annual earnings are restricted to earnings between 1951 and 1987.

**Diagnosis**

Another characteristic that has a bearing on the ability of a disabled recipient to earn money is the nature of his/her disability. About half of the study group under age 65 suffer from some type of mental disorder (table 3). About 29 percent have psychosis or neurosis and 21 percent are mentally retarded. Other prevalent conditions include diseases of the nervous system

and sense organs (10 percent), diseases of the circulatory system (10 percent), and diseases of the musculoskeletal system (10 percent). Of these major diagnostic groups, recipients with psychoses and musculoskeletal or circulatory problems were more likely to have worked before they applied for SSI, and they had longer work histories. Also, of these major groups, recipients with musculoskeletal

and circulatory diseases showed the highest mean earnings.

For disabled SSI recipients, age at application and diagnosis are related. Recipients who apply at younger ages are more likely to be mentally retarded or have a disease of the nervous system or sense organs than are older applicants (table 4). Recipients who apply at older ages tend to have other diagnoses.

Table 3.—Pre- and post-application work experience of disabled SSI recipients, by diagnostic group<sup>1</sup>

Diagnostic group	Total number	Total percent	Percent with earnings	Mean years	Earnings index	Mean earnings
Pre-application work experience						
Total recipients.....	2,385,400	(2)	78.8	11.6	0.46	\$3,706
Under age 65 .....	1,856,300	100.0	79.6	11.1	.47	3,618
Infectious and parasitic diseases.....	25,100	1.3	82.8	12.0	.49	4,355
Neoplasms .....	38,400	2.1	84.6	14.4	.51	4,815
Endocrine, nutritional, and metabolic .....	88,600	4.8	86.6	11.9	.43	3,771
Psychoses and neuroses.....	540,100	29.0	86.7	10.1	.49	3,381
Mental retardation.....	393,700	21.2	60.6	7.7	.43	2,347
Diseases of the nervous system and sense organs.....	183,200	9.9	72.7	9.7	.46	3,447
Diseases of the circulatory system...	184,900	9.9	89.0	14.4	.46	4,538
Diseases of the respiratory system...	72,500	3.9	87.2	15.4	.46	4,557
Diseases of the digestive system...	19,000	1.0	86.3	12.9	.50	4,308
Diseases of the musculoskeletal system.....	181,000	9.7	87.2	14.2	.48	4,516
Congenital anomalies.....	16,300	.9	63.8	8.9	.41	3,024
Injuries.....	69,700	3.7	83.4	10.8	.52	3,810
Other.....	43,800	2.4	84.7	11.2	.49	3,763
Post-application work experience						
Total recipients.....	2,274,400	(2)	22.0	3.0	0.32	\$1,089
Under age 65.....	1,803,400	100.0	25.4	3.0	.32	1,092
Infectious and parasitic diseases.....	18,500	1.0	18.9	2.5	.21	1,316
Neoplasms .....	29,400	1.6	22.5	2.9	.36	1,421
Endocrine, nutritional, and metabolic .....	74,200	4.1	14.8	2.6	.27	1,663
Psychoses and neuroses.....	470,300	26.1	27.3	2.5	.24	1,015
Mental retardation.....	490,800	27.2	33.1	3.7	.41	914
Diseases of the nervous system and sense organs.....	202,700	11.2	29.1	3.0	.34	1,337
Diseases of the circulatory system...	151,600	8.4	14.0	2.5	.26	1,108
Diseases of the respiratory system...	60,900	3.4	10.3	2.2	.26	1,111
Diseases of the digestive system...	16,700	.9	18.5	2.7	.22	627
Diseases of the musculoskeletal system.....	155,900	8.6	15.9	2.6	.25	1,414
Congenital anomalies.....	22,300	1.2	28.3	2.9	.32	1,193
Injuries.....	67,400	3.7	22.9	2.8	.28	1,472
Other.....	42,700	2.4	23.7	2.7	.37	1,254

<sup>1</sup> Diagnostic classifications were derived from the *International Classification of Diseases, 9th Edition*. Diagnoses were not available for recipients age 65 or older.

<sup>2</sup> Not applicable.

### Sex and Type of Industry

Of the recipients in this study, more than half (62 percent) were women (table 5). Women (76 percent) were not as likely as men (83 percent) to have had pre-application earnings. They also worked for fewer years and had lower earnings than men.

There were some differences in the industrial mix for men and women in their pre-application work. Men were more likely to have worked in the construction and agriculture industries. The largest difference was in the services industry. Forty-one percent of women worked in the services industry during the pre-application period, compared with only 22 percent of the men. Overall, about one-third of all study recipients worked in the services industry before applying for SSI (table 5).<sup>12</sup> The services industry includes jobs in private households, health services, lodging places, personal services, educational services, and membership organizations. This industry also includes sheltered employment. Less than 2 percent of the study group worked in sheltered employment before applying for SSI.<sup>13</sup> Other major concentrations could be found in the manufacturing (24 percent) and retail trade (21 percent) industries. Recipients working in the manufacturing industry had both higher

earnings and more years with earnings than the average recipient. Those recipients in the services industry were close to average in terms of the number of years worked, but earned substantially less per year than the average recipient.

### Post-Application Earnings

After applying for SSI, most recipients do not work. Agency publications show that about 8 percent of all working-age disabled recipients (excluding those age 65 or older and those under age 18) were working in December 1988. This is a fairly small group, given the large amount of pre-application work experience.<sup>14</sup> A look at the entire post-application period, however, reveals that of the study's working-age recipients, 22 percent (500,300 persons) had some earnings after the year in which they applied for SSI (chart 3).<sup>15</sup>

Most of the 500,300 recipients who worked after application did so for 4 years or less (table 6). This employment was not necessarily steady, and may have occurred at any point during the year. About 90,000 of the recipients worked for 5 years or more. The average number of post-application working years for the study group was 3 years.<sup>16</sup> The mean annual earnings

for post-application workers was very low—\$1,107—or about one-third the average amount of pre-application earnings.

### Age and Diagnosis of Post-Application Earners

The age and diagnostic patterns of post-application workers were quite different from those persons who worked before applying for SSI. Recipients who worked after they applied tended to be young at the point of application. About 33 percent of recipients who applied when they were age 30 or younger worked after application (table 2). This percentage was much higher than the 22 percent average for the entire study group. The post-application work percentage ranged from a high of 47 percent for persons age 18-21 to 8 percent for those 50 years or older. Recipients who applied when young also worked slightly longer than those who applied at later ages, but had lower annual earnings. Those older recipients who did work seemed to have been employed as long as the younger applicants.

The diagnostic pattern of those engaged in post-application work was different than that previously seen for persons with pre-application work. Recipients in this study with mental retardation or diseases of the nervous

Table 4.—Pre-application work experience of disabled SSI recipients, by age and diagnostic group<sup>1</sup>

Age at application and diagnostic group	Total number	Total percent	Percent with earnings	Mean years	Earnings index	Mean earnings
Total recipients.....	2,385,400	(2)	78.8	11.6	0.46	\$3,706
Under age 65.....	1,856,300	(2)	79.6	11.1	.47	3,618
Age 19-29.....	523,700	100.0	...	...	...	...
Mental retardation.....	179,900	34.4	50.9	3.5	.49	1,264
Psychoses and neuroses.....	167,900	32.1	80.6	4.9	.57	1,996
Diseases of the nervous system and sense organs.....	65,900	12.6	60.2	4.0	.53	1,899
Other.....	110,000	21.0	69.3	4.5	.54	2,064
Age 30 or older.....	1,332,600	100.0	...	...	...	...
Mental retardation.....	213,800	16.0	68.8	10.3	.39	3,024
Psychoses and neuroses.....	372,200	27.9	89.4	12.2	.46	3,943
Diseases of the nervous system and sense organs.....	117,300	8.8	79.6	12.1	.44	4,094
Other.....	629,300	47.2	89.2	14.7	.46	4,618

<sup>1</sup> Diagnostic classifications were derived from the *International Classification of Diseases, 9th Edition*. Diagnoses were not available for recipients age 65 or older.

<sup>2</sup> Not applicable.

system and sense organs were those most likely to have worked after they applied for SSI (table 3). Persons in these two groups were among those least likely to have worked before application. Recipients who were mentally retarded had an above average number of years with post-application earnings and were below average in their annual earnings. They also spent a

large percentage of their working-age years in employment. Recipients who had diseases of the nervous system and sense organs had an average number of years with earnings and above average annual earnings. The large group of recipients with psychoses or neuroses had average earnings, but were below average in the number of years worked. Recipients with psychoses or

neuroses also spent a small percent of their working years employed.

#### *Relating Post-Application Earnings to Pre-Application Earnings*

Persons who worked after applying for SSI were not simply a subset of pre-application workers. About 40 percent of the post-application workers had never worked before applying for

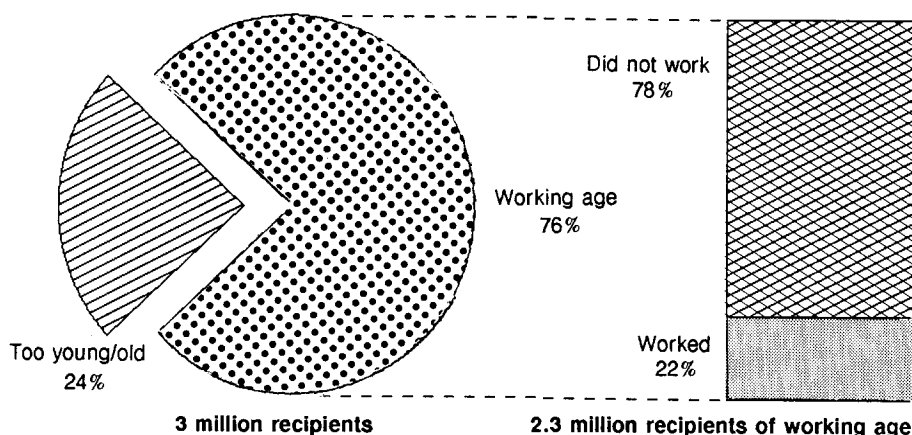
Table 5.—Pre- and post-application work histories of disabled SSI recipients, by sex and industry <sup>1</sup>

Industry	Total	Men			Women		
		Total	Mean years	Mean earnings	Total	Mean years	Mean earnings
Pre-application work history							
Total recipients.....	2,385,400	896,200	(2)	(2)	1,489,200	(2)	(2)
With pre-application earnings.....	1,880,000	741,000	(2)	(2)	1,139,000	(2)	(2)
With industry listed.....	1,727,000	705,900	13.5	\$4,458	1,021,100	10.8	\$3,205
Total percent.....	100.0	100.0	(2)	(2)	100.0	(2)	(2)
Agriculture, forestry, and fishing..	7.0	10.6	15.3	3,935	4.5	8.2	1,914
Mining.....	.4	.9	16.1	4,875	0	0	0
Construction.....	5.0	11.2	17.1	5,270	.7	8.5	2,797
Manufacturing.....	24.2	25.2	15.1	5,600	23.5	11.5	3,936
Transportation.....	1.8	3.0	17.9	5,762	1.0	11.7	4,267
Wholesale trade.....	2.7	3.6	14.6	5,165	2.0	10.2	3,638
Retail trade.....	20.7	17.2	12.1	4,042	23.1	11.8	2,999
Finance, insurance, and real estate.....	1.8	1.4	11.8	4,896	2.0	11.5	4,547
Services:							
Household.....	4.8	.3	17.0	3,047	7.9	12.1	2,642
Sheltered.....	1.4	1.4	4.4	1,239	1.5	6.7	1,720
Other.....	26.8	19.9	11.7	3,568	31.6	11.2	3,336
Public administration.....	3.4	5.2	10.0	3,670	2.2	8.8	3,670
Post-application work history							
Total recipients.....	2,274,400	896,800	(2)	(2)	1,377,600	(2)	(2)
With post-application earnings.....	500,300	261,700	3.1	\$1,159	238,600	2.9	\$1,048
With industry listed.....	427,000	224,000	(2)	(2)	203,000	(2)	(2)
Total percent.....	100.0	100.0	(2)	(2)	100.0	(2)	(2)
Agriculture, forestry, and fishing..	4.4	5.8	3.0	1,271	2.7	2.2	1,065
Mining.....	.2	.4	2.3	997	0	0	0
Construction.....	2.1	3.4	2.4	1,514	.6	2.5	1,697
Manufacturing.....	8.4	8.8	2.8	2,028	7.9	2.5	1,450
Transportation.....	1.4	1.8	3.0	1,651	1.0	2.6	1,325
Wholesale trade.....	2.6	3.2	2.8	2,086	1.8	1.6	950
Retail trade.....	14.7	15.0	2.7	1,182	14.5	2.5	1,158
Finance, insurance, and real estate.....	2.6	2.6	3.0	1,693	2.5	2.4	1,320
Services:							
Household.....	2.2	.5	2.4	1,578	4.1	2.4	1,214
Sheltered.....	14.5	14.3	4.0	694	14.8	4.2	774
Other.....	43.3	40.8	3.7	953	46.2	3.5	946
Public administration.....	3.6	3.4	3.2	1,309	3.9	3.0	1,331

<sup>1</sup> In the data base, a single code was selected for each person for each year between 1957 and the year of SSI application. That code represented the industry with the largest amount of earnings for the year. Industry codes were then separated into industrial divisions, and the industry with the largest number of codes was selected for inclusion in the table. No industry codes were available for earnings before 1957.

<sup>2</sup> Not applicable.

**Chart 3.—Post-application work experience of disabled SSI recipients**



SSI, although the majority of these new workers were too young to have worked because they applied before age 19. All other things being equal, it might be expected that recipients who worked after applying for SSI are likely to be those who had at least some working experience before they applied. Of the 1,531,200 recipients who had pre-application work experience, about 20 percent continued to work after they applied (table 7). Of the 449,900 recipients with no pre-application earnings, about 18 percent worked after they applied. There is not much difference between the two groups. A third group consisted of young recipients who had little opportunity for pre-application work because they applied before age 19. Even with this lack of opportunity, the youngest applicants had the best post-application work histories (41 percent).

Although the relationship between pre- and post-application work appeared from the preceding analysis to be weak, there were other variables—age at application and diagnosis—that showed a stronger relationship. Table 8 shows the relationship between pre-application and post-application work where the diagnosis and age variables are added. In this presentation, it is clear that recipients with pre-application earnings are more likely to work in each age category and in each diagnostic group within the age category. Some categories showed surprisingly strong relationships

between age and diagnosis and their post-application work. Those recipients who had pre-application earnings, applied before age 30, and had a mental disorder were likely to have post-application earnings in nearly one-half of the cases. Recipients who applied before age 19 were also likely to have worked after application.

**Table 6.—Post-application work experience of disabled SSI recipients, by number of years with earnings**

Years with earnings	Total number	Total percent	Mean annual earnings <sup>1</sup>
Total recipients.....	2,274,400	100.0	(2)
Did not work after application.....	1,774,100	78.0	0
Worked after application.....	500,300	22.0	\$1,107
Under 2.....	199,000	8.7	904
2-4.....	203,900	9.0	1,195
5-9.....	75,500	3.3	1,333
10 or more.....	21,900	1.0	1,348

<sup>1</sup> Computation excludes years without earnings.

<sup>2</sup> Not applicable.

**Table 7.—Post-application work experience of disabled SSI recipients, by age and pre-application work experience**

Post-application work experience	Pre-application work experience			
	Total	Under age 19 at application	Age 19 or older at application	
			Worked before application	Did not work before application
Total recipients.....	2,274,400	293,300	1,531,200	449,900
Total percent.....	100.0	100.0	100.0	100.0
Worked after application.....	22.0	41.3	19.6	17.7
Did not work after application.....	78.0	58.7	80.4	82.3

**Sex and Type of Industry**

There were some differences in pre- and post-application work with respect to the sex of the recipients. Overall, men (29 percent) were more likely to work after they applied for SSI than were women (17 percent). The type of work performed by men was slightly different from that done by women. Just over 65 percent of working women were concentrated in the services industry, compared with about 56 percent of the men.

The industry mix for post-application work was very different from that for pre-application work. About 60 percent of all post-application work was done in the services industry (table 5). A substantial portion of those persons in the services industry were working in sheltered employment (15 percent), a marked increase from pre-application employment (2 percent). The only other post-application work of any consequence was done in the retail trade industry, which employed 15

percent of the recipients. There were substantial drops in the post-application levels within the manufacturing and retail trade industries.

To some extent, the changes in industry mix between pre-application and post-application periods can be explained by the movement of working recipients from non-service industries to the services industry. Table 9 shows the movement of about 70,000 recipients into the services industry from other industries after they applied for SSI payments. This is more than twice the number of persons moving out of the services industry to other

industries (32,000). But movement between industries is only part of the reason for the change in the industry mix, however. Many recipients (120,000) who had not worked before applying began their work in the services industry.

#### *Post-Application Work and Social Security Benefits*

For some disabled SSI recipients, SSI payments are a supplement to Social Security benefits. Persons who receive SSI payments and also get Social Security benefits have a couple of advantages over those who do not.

First, depending on other income received, they can obtain up to \$20 more per month of total income because of a general income disregard in the SSI program. Also, they can become eligible for Medicare benefits.

About 34 percent of the study group received Social Security benefits that were based either on their own earnings histories (worker benefits) or on someone else's (auxiliary benefits). About 22 percent of the study group received Social Security worker benefits. Persons who receive SSI payments and Social Security worker benefits worked after applying for SSI

Table 8.—Post-application work experience of disabled SSI recipients, by prior earnings, age at application, and diagnostic group

Prior earnings, age at application, and diagnostic group	Total number	Total percent	Percent with earnings	Mean years	Earnings index	Mean earnings
Total recipients.....	2,274,400	(1)	22.4	3.0	0.32	\$1,107
Under age 65.....	1,803,400	100.0	25.4	3.0	.32	1,092
<i>With earnings before application</i>						
Age 19-29:						
Mental retardation.....	76,900	4.3	48.0	3.9	.30	1,186
Psychoses and neuroses.....	110,200	6.1	47.3	2.4	.20	1,071
Diseases of the nervous system and sense organs.....	33,200	1.8	43.4	3.3	.25	1,620
Other.....	63,300	3.5	38.4	2.7	.19	1,400
Age 30-64:						
Mental retardation.....	124,300	6.9	20.0	3.3	.20	1,077
Psychoses and neuroses.....	260,300	14.4	18.5	2.3	.15	1,118
Diseases of the nervous system and sense organs.....	76,000	4.2	18.4	2.6	.15	1,526
Other.....	426,500	23.6	11.1	2.2	.21	1,565
<i>Without earnings before application</i>						
Age 19-29:						
Mental retardation.....	80,900	4.5	37.3	4.1	.34	734
Psychoses and neuroses.....	30,700	1.7	25.7	3.4	.25	681
Diseases of the nervous system and sense organs.....	24,400	1.4	31.2	3.6	.29	939
Other.....	32,000	1.8	26.9	3.6	.24	756
Age 30-64:						
Mental retardation.....	59,900	3.3	16.8	4.6	.23	555
Psychoses and neuroses.....	32,900	1.8	12.5	3.3	.19	918
Diseases of the nervous system and sense organs.....	20,600	1.1	10.7	3.9	.20	1,524
Other.....	58,100	3.2	7.2	3.4	.19	782
<i>Under age 19 at application</i>						
Mental retardation.....	148,800	8.2	40.5	3.5	.64	830
Psychoses and neuroses.....	36,200	2.0	44.8	2.9	.62	719
Diseases of the nervous system and sense organs.....	48,500	2.7	42.9	2.6	.56	1,139
Other.....	59,700	3.3	40.2	2.9	.55	1,040

<sup>1</sup> Not applicable.



at a rate that was about average for the entire group (table 10).

About 15 percent of the study group received auxiliary benefits. Auxiliary benefits are paid to persons who are spouses, widows or widowers, surviving divorced spouses, or children of insured workers. Recipients with auxiliary benefits were as likely to work after applying for SSI at a rate that was also about average for the study group.

About 63 percent of the study recipients had no Social Security benefits. These recipients also worked after they applied for SSI at about the same rate as the group average.

In order to receive workers' Social Security Disability Insurance (DI) benefits, a disabled person must be both "fully insured" and have recent work covered under Social Security. To be fully insured, a disabled person must have at least 1 quarter of coverage<sup>17</sup> for every year elapsing between the year of attainment of age 21 (or 1951, if later) and the year before the worker becomes disabled.

The minimum number of quarters needed is 6. To meet the recent-work test, a disabled person generally needs 20 quarters of coverage during the 40-quarter period ending in the quarter in which the worker becomes disabled. Fewer quarters are required for a younger disabled worker. Of the 1,442,600 recipients without DI benefits, some appeared to meet one of the two insurance criteria.<sup>18</sup> About 33 percent of this group were fully insured for disability benefits at the point of application but failed to meet the recent-work test. Ten percent appeared to meet the recent-work test at the point of application but were not fully insured. Obviously the recency of earnings is the more difficult of the two criteria for recipients to meet.

Even if disabled SSI recipients cannot meet both insurance criteria for the purposes of obtaining Social Security disability benefits, they can eventually become entitled to Social Security retirement benefits by meeting the fully insured criterion. To become eligible for retirement benefits, a worker must

Table 11.—SSI disabled recipients not receiving Social Security benefits, by number of quarters of coverage needed to be fully insured for Social Security retirement benefits<sup>1</sup>

Quarters of coverage needed	Number	Percent
Total recipients . . . . .	1,881,300	100.0
Appear to be insured . . . . .	149,000	7.9
1-4 . . . . .	39,300	2.1
5-8 . . . . .	36,800	2.0
9-12 . . . . .	53,000	2.8
13-19 . . . . .	114,700	6.1
19 or more . . . . .	1,483,600	78.9
Unknown . . . . .	4,900	.3

<sup>1</sup> Includes all years with earnings, not just those up until age 65.

have at least 1 quarter of coverage for every year elapsing between the year of attainment of age 21 (or 1951, if later) and the year before the attainment of age 62. Some of the study recipients who did not receive Social Security disability benefits were insured to receive retirement benefits when they reached age 62. Of the 1,881,300 study recipients who did not have Social Security disability benefits, about 8 percent had earnings histories that made them eligible for retirement benefits (table 11); 7 percent were within 12 quarters of achieving insured status at age 62.

## Conclusion

Recent legislative and administrative efforts encourage SSI recipients to work despite their disabilities. One criticism of these efforts has been that these recipients have little experience in the labor force and will require an extraordinary amount of support. Data from this study indicate that the great majority of these persons (79 percent) have had some attachment to the labor force before applying for SSI, and that a significant portion (22 percent) work after they apply.

The data also hold implications for targeting work incentive efforts to those most likely to take advantage of the opportunities. Although a relatively large group (22 percent) work after applying for SSI, a much smaller group (8 percent) work at any given point in

Table 9.—Post-application work experience of disabled SSI recipients, by industry change

Pre-application industry	Total number	Post-application industry			
		Services	Retail trade	Other	None <sup>1</sup>
Total recipients . . . . .	2,274,400	267,700	63,900	111,100	1,831,700
Services . . . . .	489,600	76,900	13,000	18,700	381,000
Retail trade . . . . .	293,500	27,500	18,500	12,700	234,800
Other . . . . .	655,300	42,700	14,600	49,900	548,100
None <sup>1</sup> . . . . .	836,000	120,600	17,800	29,800	667,800

<sup>1</sup> Includes recipients who either did not work or had no industry codes during 1957-87.

Table 10.—Post-application work experience of all disabled SSI recipients, by receipt of Social Security benefits

Receipt of Social Security	Total number	Total percent	Number with earnings after application	Percent with earnings after application
Total recipients . . . . .	2,989,200	100.0	511,400	<sup>1</sup> 17.1
Not receiving Social Security benefits . . . . .	1,881,300	62.9	314,400	16.7
Receiving worker benefits . . . . .	665,000	22.2	117,800	17.7
Receiving auxiliary benefits . . . . .	442,900	14.8	79,200	17.8

<sup>1</sup> Lower than the 22 percent figure shown on previous tables in this section because the study group was expanded to include minor children and persons age 65 or older.

time. This implies that maintaining employment may be a greater problem for some recipients than actually finding it. Perhaps efforts need to be expanded towards supporting current workers, or targeting supportive services to those persons who stop working.

Age, diagnostic group, and pre-application work experience are all factors related to post-application work.<sup>19</sup> Younger recipients are especially likely to work, particularly if they have a mental disorder or a disease of the central nervous system or sense organs. It is probably no coincidence that since the establishment of the SSI program there have been percentage increases in both the portion of the disabled caseload who work and the portion of the caseload under age 40. Moreover, the future promises more of the same types of increases in the disabled caseloads because the number of recipients under age 18 has increased steadily since 1976.<sup>20</sup>

#### Technical Note

Estimates based on sample data may differ from the figures that would have been obtained had all, rather than a sample, of the records been used. These differences are termed sampling variability. The standard error is a measure of sampling variability—that is, the variation that occurs by chance

Table I.—Approximations of standard errors of estimated numbers of persons from the study files

Size of estimate (inflated)	Standard error
50.....	250
1,000.....	300
2,500.....	500
5,000.....	800
7,500.....	900
10,000.....	1,100
25,000.....	1,700
50,000.....	2,400
75,000.....	3,000
100,000.....	3,400
250,000.....	5,400
500,000.....	9,600
1,000,000.....	11,100
5,000,000.....	25,800

Table II.—Approximations of standard errors of estimated percentages of persons from the study files

Size of base (inflated)	Estimated percentage				
	2 or 98	5 or 95	10 or 90	25 or 75	50
1,000.....	4.7	7.3	10.1	14.5	16.8
10,000.....	1.5	2.3	3.2	4.6	5.3
50,000.....	.7	1.0	1.4	2.1	2.4
100,000.....	.5	.7	1.0	1.5	1.7
500,000.....	.2	.3	.4	.7	.8
1,000,000.....	.1	.2	.3	.5	.5
5,000,000.....	.1	.1	.1	.2	.2

because a sample is used. The standard error is used to describe confidence intervals. The confidence interval represents the extent to which the sample results can be relied on to describe the results that would occur if the entire population (universe) had been used for data compilation rather than the sample.

In about 68 percent of all possible probability samples with the same selection criteria, the universe value would be included in the interval from one standard error below to one standard error above the sample estimate. Similarly, about 95 percent of all possible samples will give estimates within two standard errors, and about 99 percent will give estimates within two and one-half standard errors.

Tables I and II provide approximations of standard errors of estimates shown in this article. Table I presents approximate standard errors for the estimated number of recipients from the SSI 1-Percent Sample File. Table II presents approximations of standard errors for the estimated percentage of persons from that 1-percent file. Linear interpolation may be used to obtain values not specifically shown.

#### Notes

**Acknowledgments:** The author wishes to thank Adah D. Enis of the Office of Research and Statistics for her assistance in providing data for this article.

<sup>1</sup> Beginning in 1990, the substantial gainful activity level was raised to \$500 per month.

<sup>2</sup> Unpublished data are from the 1-Percent

Sample File, Office of Supplemental Security Income.

<sup>3</sup> SSI work incentives are detailed in the following legislation: Blind Work Expenses Exclusion (P.L. 92-603, January 1974); Earned Income Exclusion (P.L. 92-603); Student Child Earned Income Exclusion (P.L. 92-603); Plan for Achieving Self-Support (P.L. 92-603); Impairment Related Work Expenses (P.L. 92-265, December 1980); Continuation of Payments (P.L. 92-265); Treatment of Sheltered Workshop Earnings (P.L. 92-265); and Section 1619 (P.L. 92-265, made permanent by P.L. 99-643, July 1987).

<sup>4</sup> For data on currently working recipients, see the *1991 Annual Statistical Supplement to the Social Security Bulletin*, pp. 296, 302-304. Unpublished data are from the Office of Supplemental Security Income.

<sup>5</sup> See Creston Smith, "The Social Security Administration's Continuous Work History Sample," *Social Security Bulletin*, October 1989, pp. 20-28.

<sup>6</sup> See Satya Kochhar, "Development of Diagnostic Data in the 10-Percent Sample of Disabled SSI Recipients," *Social Security Bulletin*, July 1991, pp. 10-21.

<sup>7</sup> The relatively small number of blind recipients have been included in the "disabled" category in this article.

<sup>8</sup> "Working age" is defined in this article as ages 18-64. However, persons age 18 were removed from this group because the data base contained only annual earnings summaries and it was impossible to determine whether a person who worked in his/her 18th year worked before or after the point of application.

<sup>9</sup> Because the data base contained only annual summarized amounts, there was no way of knowing whether earnings were from sporadic or continuous employment.

<sup>10</sup> Dollar amounts shown are based on amounts taken from the CWHWS but have been indexed to 1988 dollars. The indexing was done in accordance with the Consumer Price Index and taken from the *Economic Report to the President 1991*, Washington DC, U.S. Government Printing Office, p. 351.

<sup>11</sup> Specifically, the index is obtained by dividing the total number of pre-application years with earnings between 1951 and 1987 and those years in which the person was age 18 or older by the total number of years with those characteristics. The index value excludes persons who never worked.

<sup>12</sup> Office of Management and Budget, 1988, *Standard Industrial Classification Manual, 1987*, Publication PB 87-100012, National Technical Information Service, Springfield, VA.

<sup>13</sup> This percentage could be somewhat understated. Although any industry could contain some sheltered jobs, only those jobs in the services industry were identified as such in the *Industrial Classification Manual*.

<sup>14</sup> Study groups in this article include those persons who survive as recipients in 1987, and exclude applicants who may have died, worked their way off the rolls, or otherwise have been terminated from the program after they applied.

<sup>15</sup> The 2,274,400 recipients included in the post-application analysis are not simply a subset of the pre-application group previously discussed. The post-application group consists of those recipients who had at least one working-age year (age 18-64) between 1951 and 1987 when annual earnings information was available. Those recipients who were excluded applied after 1986, were age 64 or older when they applied, or children who were under age 18 before 1987. The post-application group also includes some of those persons dropped from the pre-application group because they applied before age 19.

<sup>16</sup> This is a conservative estimate of post-application work experience for two reasons. First, work in the year of application is omitted from the calculation. Second, because the study group was drawn in 1988, applicants in the years immediately preceding 1988 had less chance to work than those who had been on the rolls for many years.

<sup>17</sup> The amount of earnings needed for a quarter of coverage and the method for

crediting have changed over the years. Before 1978, a quarter of coverage was a calendar quarter in which a worker was paid \$50 or more in wages for covered employment. If a self-employed person was credited with \$400 or more of self-employment income, then 4 quarters were credited. Effective in 1978, the crediting of a quarter of coverage was changed from a quarterly to an annual basis and is subject to an annual automatic increase. By 1988, a quarter of coverage was earned for each \$470 of covered earnings in a year (not to exceed 4 quarters).

<sup>18</sup> The figures cited here are approximations because a date of disability onset

was not always available on the data base and the date of application for SSI was sometimes used as a proxy.

<sup>19</sup> Because the file used in this study does not contain applicants who left the rolls, it is true that there is the possibility of some selection bias in the establishment of these relationships.

<sup>20</sup> In December 1976, 153,128 blind and disabled children received SSI payments. In December 1990, this figure was 340,230. (Data are from the *1976 Annual Statistical Supplement to the Social Security Bulletin*, table 162, p. 197, and the *1991 Annual Statistical Supplement to the Social Security Bulletin*, table 9.B8, p. 293.)

### ***Red Book on Work Incentives***

Enabling beneficiaries with disabilities to achieve a better and more independent lifestyle by helping them take advantage of employment opportunities is one of SSA's highest priorities. Work incentives are designed to help people with disabilities enter or reenter the workforce by protecting their entitlement to cash payments and/or Medicare and Medicaid protection until they can support themselves.

To assist counselors, educators, representatives, or advocates who work with people with disabilities, SSA has prepared a 55-page booklet that details the work incentive provisions of the Social Security and the SSI programs. Many work incentives apply to both programs, but some apply only to Social Security disabled workers and some only to disabled SSI recipients. The booklet is clearly written and organized so that the differences and similarities are easily understood. Several topics are covered in a question and answer format; a number of case examples are included.

The *Red Book on Work Incentives* was developed by SSA's Office of Disability and Office of Supplemental Security Income. Copies are available by writing to the following address (or by calling 202-282-7138):

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