

May 2011

SOCIAL SECURITY DISABILITY

Ticket to Work Participation Has Increased, but Additional Oversight Needed



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Why GAO Did This Study

The Social Security Administration (SSA) pays billions of dollars in Disability Insurance and Supplemental Security Income to people with disabilities. The Ticket to Work program, established in 1999, provides eligible beneficiaries (ticket holder) with a ticket they may assign to approved service providers, called employment networks (EN). ENs are to provide services to help ticket holders obtain and retain employment and reduce dependence on SSA benefits. ENs receive payments from SSA once a ticket holder has earnings exceeding a set threshold. Due to low participation, SSA changed program regulations in 2008 to provide ENs and ticket holders with more incentives to participate. GAO examined (1) changes in ticket holder and EN participation over time, (2) the range of service approaches used by ENs, and (3) SSA's efforts to evaluate ticket holders and ENs to ensure program integrity and effectiveness. GAO analyzed SSA data, policies, and procedures, and interviewed representatives of 25 ENs, disability advocacy organizations, and SSA.

What GAO Recommends

GAO is recommending SSA take several steps, such as compiling service trend data and monitoring ticket holders' progress, to enhance program oversight. SSA agreed with two recommendations and offered alternative language for the other two to reflect actions it considers planned or under way.

View [GAO-11-324](#) or key components. For more information, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov.

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Ticket to Work Participation Has Increased, but Additional Oversight Needed

What GAO Found

More ticket holders and ENs are participating in the Ticket to Work program since SSA revised regulations in 2008, but the overall participation rate remains low. Ticket holders assigning their tickets to ENs increased from about 22,000 in fiscal year 2007 to more than 49,000 as of July 2010. However, less than 1 percent of all ticket holders assigned their tickets to ENs and SSA has not yet studied whether regulatory changes enabled more ticket holders to obtain employment and exit the benefit rolls. During this time, ENs approved to serve ticket holders increased from 1,514 to 1,603, and SSA's ticket payments to ENs increased from \$3.8 million to \$13 million. However, 20 ENs, or less than 2 percent of those currently participating, have received the majority of total ticket payments from SSA.

GAO found that ENs provide a range of services, including job search and retention assistance. Since the 2008 regulatory changes, which explicitly allowed ENs to pay ticket holders, an increasing number used service approaches such as sharing SSA's government-funded ticket payments with ticket holders. These ENs target ticket holders already working or ready to work, and accounted for a substantial and growing share of payments from SSA. Three ENs among those with the largest payment amounts reported providing limited or no direct services beyond passing back a portion of ticket payments to ticket holders who had sufficient earnings to qualify the ENs for payment. These ENs received a total of over \$4 million in SSA payments—nearly one-third of all SSA payments—in fiscal year 2009. Two of these ENs passed back 75 percent of SSA's ticket payments to ticket holders and kept the other 25 percent. The extent of these trends is unknown because SSA does not collect sufficient information on service approaches across all ENs.

SSA lacks adequate management tools to systematically evaluate ticket holders and ENs. Since 2005, SSA has not consistently monitored or enforced ticket holders' progress toward self-supporting employment—a regulatory requirement. Ticket holders who show progress are generally exempt from medical reviews to determine their continued eligibility for benefits. Lack of systematic monitoring of timely progress has both program integrity and cost implications, such as the potential for ineligible beneficiaries to continue receiving benefits. During the course of GAO's review, SSA was beginning to resume the progress reviews, but it is too early to assess the effectiveness of these efforts. Moreover, SSA has not developed performance measures for approved ENs, as required by law, that can be used to assess their success in helping ticket holders obtain and retain employment and reduce dependency on disability benefits. Without such measures, multiple ENs communicate to ticket holders how to work and keep full disability benefits, despite the fact the ultimate goal of the Ticket program is to reduce dependence on benefits (to hear audio excerpts of GAO's calls with selected ENs, see <http://www.gao.gov/products/GAO-11-324>). Finally, SSA's EN approval process lacks systemic tools to ensure quality and clear and specific criteria for reviewing EN qualifications.

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Abbreviations

CDR	continuing disability review
DI	Social Security Disability Insurance
EN	employment network
OESP	Office of Employment Support Programs
RFP	request for proposal
SGA	substantial gainful activity
SSA	Social Security Administration
SSI	Supplemental Security Income
VR	state vocational rehabilitation agency

View GAO-11-324 key components

- Transcript of Excerpt of Calls with Employment Networks on Working Indefinitely Without Losing Benefits.
<http://www.gao.gov/products/GAO-11-324>

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Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

May 6, 2011

The Honorable Charles E. Grassley
Ranking Member
Committee on the Judiciary
United States Senate

The Honorable Sam Johnson
Chairman
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

In fiscal year 2010, the Social Security Administration (SSA) paid out more than \$165 billion in cash benefits to about 13.5 million people with disabilities and their families¹ through its Disability Insurance (DI) and Supplemental Security Income (SSI) programs.² As the U.S. population ages, the number of SSA disability beneficiaries is expected to grow, along with the cost of providing benefits. Further, once on benefits, few ever leave the disability rolls. Our prior work suggested that if even a small percentage of these beneficiaries returned to work, both programs would realize substantial savings to offset the cost of the programs.³ The Ticket to Work and Work Incentives Improvement Act of 1999⁴ provided for the establishment of the Ticket to Work and Self-Sufficiency Program (Ticket program) to provide eligible DI and SSI beneficiaries with employment services, vocational rehabilitation services, or other support services to help them obtain and retain employment and reduce their dependency on benefits. SSA provides each eligible beneficiary (ticket holder) with a ticket to obtain services from SSA-approved public or private providers,

¹These data are from the fiscal year 2012 President's Budget.

²DI benefits are financed by payroll taxes paid into the Federal Disability Insurance Trust Fund by covered workers and their employers, with tax amounts based on a worker's earnings. 42 U.S.C. § 401(b). The Congressional Budget Office projected the Trust Fund will be exhausted by 2018 if no changes are made to current funding and benefit formulas. The SSI program is funded through general revenues. 42 U.S.C. § 1381.

³GAO, *Social Security Disability Insurance: Factors Affecting Beneficiaries' Return to Work*, GAO/T-HEHS-98-230 (Washington, D.C.: July 1998).

⁴Pub. L. No. 106-170, § 101, 113 Stat. 1860, 1863-73 (codified as amended at 42 U.S.C. § 1320b-19).

referred to as employment networks (EN), or from traditional state vocational rehabilitation agencies (VR).⁵ Fully implemented in 2004, the Ticket program experienced low participation in its early years and, as a result, SSA revised its regulations in 2008 to attract more ticket holders and ENs.⁶ In light of these changes, we examined the following: (1) how participation of ticket holders and employment networks in the Ticket to Work program changed over time; (2) what is known about the range of service approaches used by employment networks; and (3) the policies and processes SSA has to evaluate ticket holders and employment networks to ensure program integrity and effectiveness.

To address our research questions, we analyzed SSA data on program participation; interviewed SSA officials, disability rights advocates, and employment networks; and reviewed SSA policies and procedures for the Ticket program. Specifically, we analyzed data on eligible ticket holders and ENs⁷ approved by SSA from fiscal year 2004, the first year the Ticket program was fully implemented,⁸ through July 2010. To assess the reliability of the data we obtained from SSA, we (1) reviewed existing documentation related to the data, (2) interviewed knowledgeable agency officials about the data, and (3) tested the data for completeness and accuracy. We found these data to be sufficiently reliable for the purposes of our analysis. We also reviewed relevant federal laws and regulations. We interviewed representatives of 25 ENs, including 20 ENs among those with the largest payments in fiscal year 2007, the year prior to implementation of new program regulations, and fiscal year 2009, the most

⁵Administered by the Department of Education since 1973, the Vocational Rehabilitation program provides funds to states to offer employment services ranging from treatment of impairments to job counseling and placement. 29 U.S.C. §§ 721 and 731. Under SSA's Vocational Rehabilitation Reimbursement Program, established before the Ticket program, SSA reimburses VRs for costs of providing services to a beneficiary when the beneficiary has earnings above an established threshold over the course of 9 months. 42 U.S.C §§ 422(d)(1) and 1382d(d). With the establishment of the Ticket program, VRs can choose to be paid under the EN payment system or traditional cost-reimbursement system.

⁶Amendments to the Ticket to Work and Self-Sufficiency Program, 73 Fed. Reg. 29,324 (May 20, 2008).

⁷The scope of our review was generally limited to ENs and VRs paid as ENs, although we examined changes in the number of ticket holders using tickets with VRs which were paid through the cost-reimbursement system over time.

⁸SSA began mailing tickets to eligible beneficiaries in 13 states in February 2002, and expanded the program to all 50 states by September 2004.

recent year with complete data.⁹ In addition, we conducted site visits to 12 ENs¹⁰ representing those with some of the largest payments from SSA and a range of service approaches. We compared SSA and the SSA-contracted Ticket program manager's written policies and procedures to Ticket program laws and regulations, and government internal control standards.¹¹ We also obtained a nongeneralizable sample of case files of approved, denied, and terminated ENs to review proof of qualifications submitted to SSA and EN performance information.¹² Finally, an investigator from our Forensic Audits and Investigative Service team contacted selected ENs, posing as a fictitious employer or relative of a ticket holder to test for potential vulnerabilities in program management and oversight.¹³ See appendix I for more details on our scope and methodology.

We conducted this performance audit from January 2010 to May 2011 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁹Using preliminary data from SSA, we selected the 20 ENs with the largest payments in fiscal years 2007 and 2009. We subsequently received updated data from SSA, which we confirmed with our own data analysis, and found these ENs accounted for the 20 ENs with the largest payments in fiscal year 2007, the 19 ENs with the largest payments in fiscal year 2009, and the EN receiving the 22nd largest payment in fiscal year 2009. There was significant overlap in ENs with the largest payments in fiscal years 2007 and 2009: 13 ENs were among those with the largest payments in both years. Additionally, two of these 2007 ENs later merged, so we did not conduct separate interviews.

¹⁰Two of the 12 ENs we visited had no physical location for providing services; however, we met with representatives of the ENs in person.

¹¹GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

¹²For our case file review, we sampled files for (1) recently approved ENs, (2) denied EN applicants, (3) ENs on SSA notice of potential termination, including several subsequently terminated, and (4) ENs among those with the largest payments from SSA in fiscal years 2007 and 2009. See appendix I for further details.

¹³The investigator phoned 16 ENs, including 9 from among the 25 we interviewed and 7 ENs we identified using the online EN service directory, interviews, and e-mail alerts. We judgmentally selected ENs who advertised paying a portion of the ticket payment to ticket holders or providing financial incentives to employers, or whose services were unclear.

Background

DI and SSI Eligibility

To be eligible for DI or SSI benefits, an individual generally must have a medically determined physical or mental impairment that (1) has lasted or is expected to last at least 1 year or result in death and (2) prevents the individual from engaging in substantial gainful activity (SGA).¹⁴ Once an individual is receiving benefits, continuing disability reviews (CDR) are periodically conducted by SSA to evaluate if the individual has medically improved to the point of being able to work and is no longer eligible for benefits.¹⁵ Although the DI and SSI programs use the same definition of disability for eligibility purposes, they were designed to serve different populations. DI provides benefits to workers with disabilities who have a qualifying work history; in contrast, SSI provides cash support for people with low income, few resources, and little or no workforce attachment. The DI and SSI programs also differ in how work earnings affect benefits. DI beneficiaries are allowed a 9-month trial work period during which their benefits continue regardless of how much they earn.¹⁶ Upon completion of the 9-month trial work period, DI beneficiaries move into a 36-month re-entitlement period (extended period of eligibility) in which their monthly cash benefit ceases except in months in which earnings are less than SGA.¹⁷ Recipients whose earnings are above SGA after they complete the 36-month period should, under program rules, stop receiving benefits and be removed from the disability rolls. In contrast, SSI benefits are reduced by \$1 for every \$2 of earned income exceeding \$65 per month until benefits reach zero.¹⁸ If SSI beneficiaries receive no benefits for 12

¹⁴42 U.S.C. §§ 416(i) and 1382c(a)(3). Under thresholds set annually by SSA, individuals are considered engaged in SGA if they had earnings in 2010 above \$1,000 per month for nonblind beneficiaries and \$1,640 per month for blind beneficiaries.

¹⁵20 C.F.R. § 404.1589 (2009). CDRs may be conducted generally every 6 to 18 months, 3, or 5 to 7 years, depending on the beneficiary's disability. 20 C.F.R. § 404.1590(d) (2009).

¹⁶20 C.F.R. § 404.1592(a) (2009). The trial work period is reached when a beneficiary accumulates 9 months of earnings of at least the trial work level amount in a 60-month period. 20 C.F.R. § 404.1592(e)(2) (2009). In 2010, the trial work level was \$720 per month.

¹⁷20 C.F.R. § 404.1592(a) and (d) (2009).

¹⁸20 C.F.R. § 416.1112(c)(5) and (7) (2009). SSI beneficiaries also receive a general income exclusion in which the first \$20 of earned or unearned income in a month does not reduce benefits. 20 C.F.R. § 416.1124(c)(12) (2009).

consecutive months due to earned income, they are removed from the disability rolls.¹⁹

Ticket Program Overview

Congress established the Ticket to Work program in 1999 to assist DI and SSI beneficiaries in obtaining and retaining employment, and potentially bring about significant savings to the Disability Insurance Trust Fund by reducing or eliminating their benefits.²⁰ This voluntary program was also designed to provide beneficiaries with greater choice in public and private providers of employment services, such as job preparation and placement and vocational rehabilitation services. Prior to the establishment of the Ticket program, DI and SSI beneficiaries who needed help returning to work generally had to seek services from VRs.²¹

When an individual becomes eligible for DI or SSI benefits, SSA mails a ticket designating the beneficiary as a ticket holder (see app. II for a picture of a ticket). Generally, DI and SSI beneficiaries from 18 to 64 years old are eligible ticket holders. They may choose whether or not to use their tickets, and with which service providers. Likewise, SSA-approved ENs, which are contracted by SSA for 5 years with the option to extend, can decide whether or not to serve an individual ticket holder. ENs can advertise their services in the program's online directory used by ticket holders to find ENs in their area. Ticket holders who assign their tickets and demonstrate "timely progress" toward self-supporting employment, such as by fulfilling minimum earnings or education requirements, are exempted from medical CDRs.²² This provision provides an incentive for individuals to assign their tickets who otherwise might not attempt to work out of fear that a medical CDR would cause them to lose benefit eligibility.

¹⁹20 C.F.R. § 416.1335 (2009).

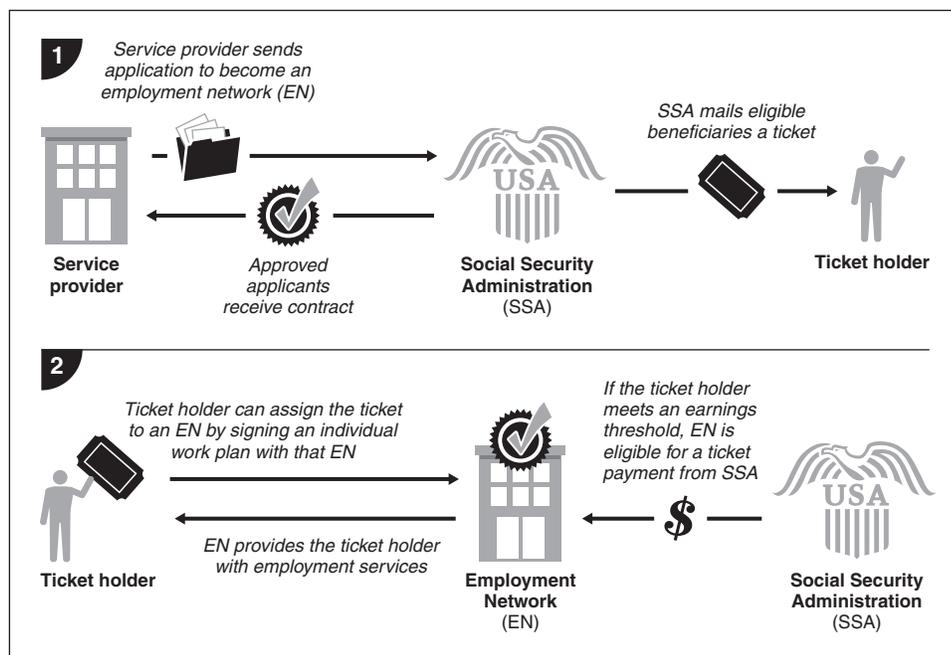
²⁰Pub. L. No. 106-170, § 2, 113 Stat. 1860, 1862-63.

²¹H.R. Rep. No. 106-220 (pt. 1) at 10.

²²The Ticket law mandated that during any period for which an individual is using, as defined by SSA, a ticket, SSA may not initiate a CDR. 42 U.S.C. § 1320b-19(i). In its program regulations, SSA defines "using" a ticket as making "timely progress toward self-supporting employment," and outlines specific requirements a ticket holder must meet in order to demonstrate timely progress and obtain or maintain CDR exemption. 20 C.F.R. § 411.166 (2009).

The ticket holder’s ticket becomes “assigned” once the ticket holder and EN decide to work together and submit an individual work plan describing the services the EN will provide. A ticket holder can unassign the ticket from the EN at any time, sometimes switching to a different EN. When the ticket holder has sufficient earnings, the EN becomes eligible for payments from SSA²³ (see fig. 1). The EN can choose from two payment options: (1) milestone-outcome payments that begin when the ticket holder has a specified level of earnings and continue for a specified time after the ticket holder no longer receives benefits due to earnings, or (2) outcome-only payments that do not begin until the ticket holder is entirely off benefits.

Figure 1: Overview of EN Approval and Ticket Assignment Process



Source: GAO analysis of Ticket program procedures.

The Ticket law gives SSA authority to help ensure the quality of participating ENs, and requires ENs to meet and maintain compliance with general selection criteria (such as professional and educational

²³42 U.S.C. § 1320b-19(h). SSA makes payments to ENs for DI beneficiaries through the Federal Disability Insurance Trust Fund and to ENs for SSI beneficiaries through appropriations from general revenues. 42 U.S.C. §§ 401(b) and 1381.

qualifications) and specific selection criteria (such as substantial expertise and experience in providing employment services and supports).²⁴ The law also requires SSA to perform periodic quality assurance reviews of EN service provision, and to develop performance measures for evaluating ENs.²⁵ ENs are required to annually report on outcomes achieved in providing specific services.²⁶ The law also requires SSA to terminate EN contracts for inadequate performance.²⁷ Additionally, the law requires SSA to provide for independent evaluations to assess the Ticket program's effectiveness, including cost-effectiveness, types of services provided to ticket holders who return to work and those who do not, and employment outcomes for ticket holders.²⁸

SSA's Office of Employment Support Programs is responsible for management and oversight of the Ticket program. The office contracts with a private company (Ticket program manager) for day-to-day operations, including front-line communication with ENs, such as technical assistance and training, and processing ticket assignments and EN payment requests. In addition, the program manager recruits ENs; however, SSA's Office of Employment Support Programs retains responsibility for reviewing and approving applicants. The program manager is also responsible for performing timely progress reviews of ticket holders. SSA also contracts with another private company to facilitate beneficiary participation in the program.²⁹ Finally, SSA contracts with a private research firm for ongoing evaluations of the program.³⁰

²⁴ 42 U.S.C. § 1320b-19(f)(1)(C).

²⁵ 42 U.S.C. § 1320b-19(d)(2) and (6).

²⁶ 42 U.S.C. § 1320b-19(f)(4).

²⁷ 42 U.S.C. § 1320b-19(d)(5).

²⁸ Pub. L. No. 106-170, § 101(d)(4), 113 Stat. 1860, 1875-76 (codified at 42 U.S.C. § 1320b-19 note).

²⁹ SSA's contracts for the Ticket program manager and beneficiary outreach manager are for 5 years. During the course of our review, at the beginning of fiscal year 2011, SSA awarded new contracts for both and shifted some of the roles and responsibilities. Under the new contracts, the Ticket program manager is responsible for EN recruitment, which previously was a responsibility of the beneficiary outreach manager.

³⁰ SSA contracts with Mathematica Policy Research, Inc. for evaluations of the Ticket program.

Changes to Ticket Program Regulations

Due to low participation rates by both ticket holders and ENs—in 2005, we reported less than 1 percent of 9.5 million ticket holders had assigned their tickets to an EN or VR³¹ and 386 of 1,164 contracted ENs were accepting tickets—SSA revised the Ticket program regulations in 2008 (see table 1).³² The changes lowered the ticket holder earnings threshold which triggers payments to ENs. Previously, ENs were not eligible for SSA payment until a ticket holder had earnings at the SGA level or above. Among other key changes, the revised regulations added a first phase of four \$1275 payments³³ over a ticket holder's first 9 months working at the trial work level, which, in many cases, equates to part-time work.³⁴ The EN is also eligible for a second phase of smaller monthly payments when a ticket holder has earnings above the SGA level, and a third and final phase of payments (the outcome phase) once a ticket holder is earning above SGA and no longer receives disability benefits (see app. III for details of the payment structure under the revised regulations). Finally, an EN can now serve a ticket holder formerly served by a VR.³⁵

³¹ENs held 9 percent and VRs held 91 percent of the tickets assigned by beneficiaries. GAO, *Social Security Administration: Better Planning Could Make the Ticket Program More Effective*, [GAO-05-248](#) (Washington, D.C.: March 2005).

³²Amendment to the Ticket to Work and Self-Sufficiency Program, 73 Fed. Reg. 29,324 (May 20, 2008).

³³These payment amounts are for 2010.

³⁴Some phase 1 payments to an EN are limited if the ticket holder earned above the trial work level in the 18 months prior to ticket assignment. 20 C.F.R. § 411.535(a)(1)(i) (2009).

³⁵Known as Partnership Plus, the regulations allow an EN to accept a ticket after a VR, using the cost-reimbursement system, closes its case with the ticket holder. 20 C.F.R. § 411.585 (2009). An EN who accepts a ticket holder after a VR achieves an employment outcome is only eligible for phase 2 (milestone) and outcome payments, not phase 1 payments. 20 C.F.R. § 411.535(a)(1)(iii) (2009).

Table 1: Key Changes Resulting from 2008 Revision of Ticket Regulations by SSA

Category	Prior regulations ^a	Current regulations (effective July 21, 2008) ^b
Ticket holder eligibility criteria	DI and SSI beneficiaries expected to experience medical improvement are not automatically eligible to participate.	DI and SSI beneficiaries expected to medically improve are eligible to participate.
Timely progress requirements for ticket holders	Ticket holders who assign their ticket to an EN or VR can qualify for exemption from medical CDRs only through work.	Ticket holders who assign their ticket or obtain services from a VR under the traditional cost-reimbursement system can qualify for exemption from medical CDRs through education, training, or work.
EN payments	ENs are not eligible to receive payments from SSA until a ticket holder earns at or above SGA.	ENs are eligible for phase 1 milestone payments based on ticket holders' gross earnings at trial work level, which in many cases equates to part-time work.
	There is no explicit guidance on whether ENs may use ticket payments to pay ticket holders.	ENs may use outcome or milestone payments to make payments to ticket holders
	Total payments available to ENs for serving DI ticket holders are about 70 percent higher than for serving SSI ticket holders.	Total payments available to ENs for serving DI and SSI ticket holders are roughly equal.
	ENs are not eligible for payment if the ticket holder initially assigned the ticket to a VR under the traditional cost-reimbursement method.	ENs can receive payments for tickets initially assigned to a VR, after VR case closure.

Source: GAO analysis of July 2008 changes to the regulations for the Ticket to Work program.

^a20 C.F.R. pt. 411 (2007).

^b20 C.F.R. pt. 411 (2010).

Persisting Cost and Effectiveness Issues

The cost and viability of the Ticket program has been scrutinized by researchers and policymakers since the program's inception. At that time, it was estimated that if an additional one-half of 1 percent of disability beneficiaries went back to work, and ceased benefits, the savings to the Social Security Trust Funds and Treasury would total \$3.5 billion over their working lives.³⁶ The Congressional Budget Office (CBO) also projected the Ticket program would lead to savings.³⁷ However, in 2008, SSA's Office of the Inspector General (IG)³⁸ found the percentage of

³⁶Pub. L. No.106-170, § 2(a)(12), 113 Stat. 1860, 1863.

³⁷CBO, *Pay-As-You-Go Estimate: H.R. 1180 Ticket to Work and Work Incentives Improvement Act of 1999*, (Washington, D.C., Dec. 13, 1999). The CBO estimated the Ticket program would reduce annual outlays by \$7 million, \$27 million, and \$60 million in fiscal years 2004, 2005, and 2006 and \$110 million in fiscal year 2009.

³⁸SSA Office of the Inspector General, *Ticket to Work and Self-Sufficiency Program Cost Effectiveness*, A-02-07-17048 Audit Report, (Washington, D.C., August 2008).

beneficiaries who cease benefits as a result of employment had remained unchanged from before implementation³⁹ and projected cost savings had not materialized. The IG also found the percentage of beneficiaries who had earnings after receiving services steadily decreased over time, and recommended that SSA evaluate the program's continued viability. As part of its contract with SSA for program evaluations, Mathematica Policy Research, Inc.⁴⁰ has preliminary findings indicating the Ticket program was not self-financing as of January 2010 and its impact on participants' employment, earnings, or benefits was not large enough to offset the program's operating costs.⁴¹ In 2008, SSA's Office of the Chief Actuary estimated short-term effects of the regulatory changes, projecting substantial up-front costs due to increases in the frequency and amount of payments to ENs and benefit payments to beneficiaries exempted from CDRs.⁴² The estimates noted that while these higher costs could be partially offset by later increases in successful work attempts, resulting in reduced or eliminated benefit payments, there would still be a net increase in costs.

More Ticket Holders and Employment Networks Participating, but Participation Rate Remains Low

³⁹These figures are based on SSA data from calendar year 2002 through calendar year 2006.

⁴⁰Craig Thornton, *Work Activity and Use of Employment Supports Under the Original Ticket to Work Regulations. Can the Ticket to Work Program Be Self-Financing?* Mathematica Policy Research, forthcoming.

⁴¹Mathematica's draft report estimated SSA spent approximately \$34.1 million in fiscal year 2008 to run the Ticket program, including costs of contracts SSA issued to organizations that operate key Ticket program components.

⁴²Memorandum from the Office of the Chief Actuary, "Estimates of the Short-Range Effects on OASDI Benefit Payments and Federal SSI Payments of Changes Specified in a Proposed Final Rule for the Ticket to Work Program," Feb. 4, 2008.

More Ticket Holders Assigned Their Tickets Since 2008 Regulatory Changes, but They Remain a Small Share of Those Eligible

The number of eligible ticket holders assigning their tickets to ENs increased from about 22,000 in fiscal year 2007, prior to the 2008 changes in regulations, to more than 49,000 as of July 2010.⁴³ Despite the increase in numbers, those assigning their tickets to ENs still only represented two-fifths of 1 percent of the approximately 12.1 million eligible ticket holders⁴⁴ as of July 2010, compared to one-fifth of 1 percent in fiscal year 2007 before the regulatory changes.⁴⁵ SSA's outreach contractor told us that while they are beginning to place more emphasis on increasing ticket holder participation, their earlier recruitment efforts prioritized increasing the supply of ENs. According to EN representatives, ticket holder participation remains low due, in part, to a lack of understanding and awareness of the program. Some disability rights advocates and EN representatives said a fear of losing benefits may also deter eligible ticket holders from participating in the program, especially DI beneficiaries who, after the 9-month trial work period, face an immediate cessation of benefits in a given month when earnings exceed SGA.⁴⁶ Some disability rights advocates and EN representatives also said many ticket holders may not know how going back to work affects their benefits, making it difficult for them to agree to participate.⁴⁷ Sixteen of the 25 EN representatives we interviewed also told us their ENs screen ticket holders, and 12 said at least half of them do not meet their screening criteria. For example, one EN representative told us that certain ticket holders are often screened out because they lack the education, work experience, and transportation

⁴³Overall ticket holder participation, including tickets used with VRs participating in the cost-reimbursement system or assigned to ENs, increased from about 266,000 in fiscal year 2007 to more than 318,000 in July 2010. Our review was generally limited to ENs and VRs paid as ENs, and did not focus on VRs paid through the cost-reimbursement system.

⁴⁴All numbers referring to eligible ticket holders are as of the last day of the fiscal year.

⁴⁵As of July 2010, 2.6 percent of eligible ticket holders used their tickets with VRs participating in the cost-reimbursement system or assigned their tickets to ENs, an increase from 2.1 percent in fiscal year 2004.

⁴⁶While SSI beneficiaries experience a gradual reduction in benefits based on how much they earn above SGA, DI beneficiaries, following their trial work period, experience what is referred to as a "cash cliff" in which they lose all benefits in a given month upon reaching SGA. One EN representative said this creates an incentive for DI beneficiaries enrolled in the Ticket program to find work with wages below SGA. 20 C.F.R. § 404.1592(a) (2009).

⁴⁷The law provided for the establishment of a work incentives planning and assistance program to disseminate accurate information to disabled beneficiaries on work incentives programs and issues related to such programs. Pub. L. No. 106-170, § 121, 113 Stat. 1860, 1887-90 (codified as amended at 42 U.S.C. § 1320b-20). However, one EN representative told us this assistance is not always timely and referring ticket holders to these services may mean the EN loses a potential client.

needed to obtain employment. In addition, according to some disability rights advocates and EN representatives, some ticket holders may be discouraged from participating by previous negative experiences with ENs. For example, one EN representative said ticket holders who assigned their tickets to ENs that provide inadequate support may become frustrated and leave the program altogether.

Although the number of ticket holders assigning their tickets has increased since the 2008 changes, whether the changes have impacted the number of those returning to work and exiting the benefit rolls is unknown. The law requires SSA to conduct ongoing independent evaluations of ticket holders' employment outcomes.⁴⁸ Although SSA has tentative plans to study exits from the benefit rolls since the program regulations took effect in 2008, the decision to undertake this study depends upon the results of other planned research. According to researchers, some additional time may be needed before a full assessment can be made. Preliminary research conducted for SSA by Mathematica estimated that approximately 10 percent of beneficiaries who assigned their tickets in 2006 will leave the rolls for at least 1 month; however, as researchers have noted, this does not equate to long-term exits from the rolls.⁴⁹ Researchers have reported many beneficiaries return to work but do not earn enough to leave the rolls, due in part to functional limitations and subsequent declines in health. Whether or not ticket holders are able to leave the rolls has implications for the program's cost-effectiveness and ultimately, its long-term viability. In preliminary research examining the program prior to the 2008 regulatory changes, Mathematica found more exits from the rolls would be needed to offset existing operational costs.⁵⁰ Yet without data on the number of ticket holders actually exiting the rolls due to long-term employment, an accurate assessment of the program cannot be made.

⁴⁸Pub. L. No. 106-170, § 101(d)(4), 113 Stat. 1869, 1875-76 (codified at 42 U.S.C. § 1320b-19 note).

⁴⁹Craig Thornton, *Work Activity and Use of Employment Supports Under the Original Ticket to Work Regulations. Can the Ticket to Work Program Be Self-Financing?* Mathematica Policy Research (forthcoming). Mathematica has prepared more recent studies for SSA on beneficiaries leaving the rolls for work prior to the 2008 changes, but these were not finalized at the time of our audit work.

⁵⁰Ibid.

More Employment Networks Are Participating, but Fewer Than 2 Percent Receive the Bulk of SSA Ticket Payments

Although an increasing number of ENs are participating in the Ticket program since the 2008 changes in regulations, many ENs are not actively participating and ticket payments have remained concentrated with 20 ENs. The number of ENs contracted by SSA increased from 1,514 in fiscal year 2007 to 1,603 as of July 2010.⁵¹ During this time, ENs accepting at least one ticket also increased from 752 to 1,086. The majority of EN representatives we interviewed said the regulatory changes provided greater incentive for participation because ENs can now receive payments earlier and be paid for ticket holders with part-time earnings. Twenty-three of the 25 ENs we interviewed opted to receive payments under the milestone-outcome option, which does not require that ticket holders have sufficient earnings to leave the benefit rolls before ENs are eligible for payments. One EN representative said that because SSA payments for serving DI and SSI beneficiaries are now roughly equal, an EN has greater incentive to serve SSI beneficiaries, who were previously associated with lower payment amounts. Additionally, ENs receiving ticket payments from SSA more than doubled, from 206 in fiscal year 2007 to 460 as of July 2010, and total payments grew substantially, from \$3.8 million in fiscal year 2007 to \$13 million as of July 2010. According to SSA officials and program manager representatives, the program's goal is not more ENs, but more ENs accepting tickets, serving ticket holders, and generating payments. To this end, SSA officials reported that SSA has sought to identify ENs who are still not accepting tickets to encourage them to participate or terminate their contracts. For example, the program manager identifies ENs not receiving payments within a certain amount of time and encourages them to participate.⁵²

While the number of ENs accepting tickets has increased, a relative few receive the bulk of all ticket payments: 20 ENs accounted for the majority of all ticket payments in every fiscal year since the program was fully implemented in 2004, but represented a small percentage of ENs with tickets assigned (see fig. 2). In fiscal year 2009, 20 ENs representing 1.2 percent of all SSA-contracted ENs and 1.9 percent of those ENs accepting

⁵¹In fiscal year 2004 (the first year all 50 states participated in the Ticket program), 1,286 ENs had contracts.

⁵²SSA officials told us they also use a "secret shopper" effort to test whether ENs are knowledgeable and courteous when interacting with potential clients. They refer ENs with problems to the program manager for follow-up action. SSA officials told us the contracts of ENs that do not respond to the program manager or that are no longer interested in providing services are terminated.

tickets received 71 percent of total ticket payments.⁵³ Reasons why EN participation is not broader may be attributable to costs and other factors. Several EN representatives told us that financing the upfront costs of providing services can be challenging, even though SSA officials said the 2008 regulatory changes were intended to address the costs associated with providing initial services. Some EN representatives said that when ENs begin to receive outcome payments for clients they no longer intensively serve, it can help to cover the upfront costs of providing services to new clients. SSA officials noted that a number of ENs have received outcome payments; however, a ticket holder must sustain employment at the SGA level to generate an ongoing stream of outcome payments for the EN. Some EN representatives also said providing resource-intensive services, including driving clients to work or providing career and personal counseling, could limit profitability. They also reported that ticket payments are insufficient to support such costly services, if they are an EN's sole source of funding. Several EN representatives also told us an EN's ability to generate ticket payments depends on effectively screening potential clients for motivation and employability.⁵⁴

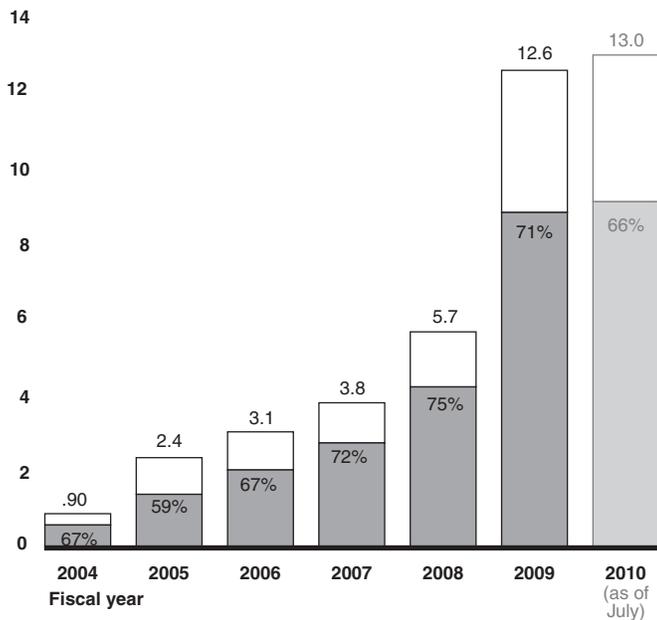
⁵³Fiscal year 2009 was the most recent year for which we had complete data.

⁵⁴Upon reviewing our draft report, SSA officials told us they plan to implement contract changes requiring ENs to conduct a career counseling and guidance session with ticket holders to make this type of assessment before accepting the ticket assignment.

Figure 2: Payments and Tickets Assigned to ENs with the Largest Payments, Fiscal Years 2004-2010

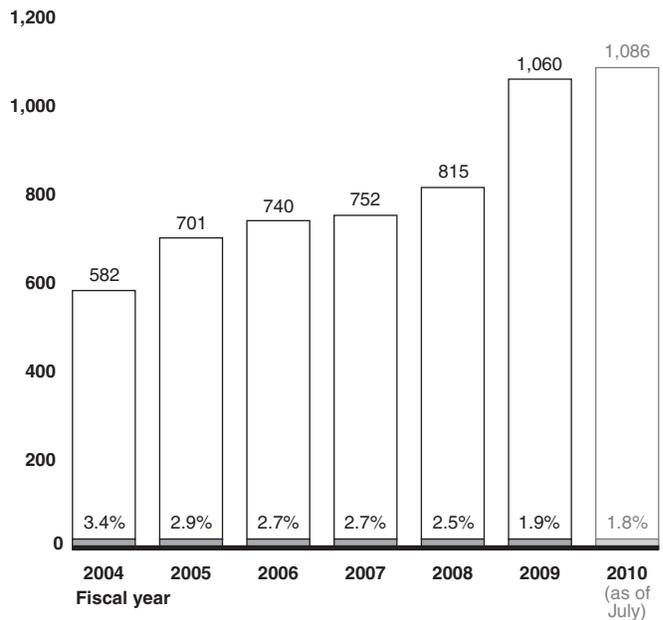
In each fiscal year, 20 ENs received the majority of ticket payments...

Payments (in millions of dollars)



...yet represented a small percentage of ENs with tickets assigned

ENs with at least one ticket assigned



Total
 Share of 20 ENs with the largest payments

Source: GAO analysis of SSA data.

Employment Networks Vary in Service Approaches, but Increasingly Focus on the Employed or Ready to Work

ENs receiving among the largest payment amounts from SSA provide a range of services, including assistance with job search and retention. But since the 2008 changes in regulations, an increasing number used service approaches targeting ticket holders who are already working or ready to work, and they accounted for a greater share of payments from SSA. However, SSA does not compile data on service provision trends and, therefore, cannot use data on evolving service approaches to inform its management and oversight of the program, or to tailor guidance to ENs.

Employment Networks Provide a Range of Services Including Assistance with Job Search and Retention

The ENs receiving among the largest payment amounts from SSA in fiscal years 2007 and 2009 (the time period just before and after the 2008 changes in regulations) provide a range of services to ticket holders, including job search and retention assistance and financial support (see app. IV). Disability rights advocates, EN representatives, and SSA officials we spoke with stressed the importance of a variety of available services because needs of ticket holders vary. For example, a ticket holder returning to the workforce after a short absence may need minimal job search assistance; another with a severe disability may need ongoing support at the workplace to perform job tasks. EN representatives said the most commonly provided services are developing ticket holders' job-seeking skills, such as resume writing and interview preparation, and providing job-retention services, such as additional training and guidance on difficult work situations. Compared to the ENs we interviewed, the VRs included in our review⁵⁵ reported providing a greater number of services and more costly on-the-job and medical-related supports, such as supported employment,⁵⁶ and medical and therapeutic treatment. The VRs, which receive federal and state operating funds, more frequently reported providing funding for ticket holders' education or vocational training, assistive technology, or personal attendant services. Some disability rights advocates and EN representatives told us the VR service approach may be a good fit for those needing intensive services or training, but not for ticket holders looking for quick job placement assistance or who need long-term job retention services. Under requirements specific to VRs, they may close cases after ticket holders are employed for 90 days.⁵⁷

The 25 ENs we interviewed also varied in areas served and methods of delivery. Seven served local ticket holders,⁵⁸ 12 served ticket holders in one or multiple states, and the other 6 served ticket holders nationwide. In general, ENs serving ticket holders locally or statewide primarily offered services in person, while those serving ticket holders in multiple states or

⁵⁵Of the 25 ENs included in our review, 6 were VR agencies that use the EN payment system rather than the VR reimbursement system.

⁵⁶Through supported employment, ticket holders with the most severe disabilities are placed in competitive jobs with qualified job coaches or trainers to provide individualized ongoing support.

⁵⁷34 C.F.R. § 361.56 (2009). The Partnership Plus option, created in the 2008 program changes, allows ENs to provide follow-on services to ticket holders served by VRs.

⁵⁸The local area includes the EN's town, city, or county. One of the 25 serves multiple counties.

nationwide primarily used the phone or Internet for services (see app. V). Some ENs offering services in person told us some ticket holders prefer face-to-face interaction, and the ENs also are better able to assess ticket holders' needs and commitment to working. For example, one EN representative conducts 90-minute intake interviews with all potential clients, asking about their disabilities, interests, and needs, and describing how working will affect their benefits, and may meet with the ticket holder's relatives. On the other hand, some ENs offering services by phone or online said they can expand their geographical reach, serve more ticket holders, and expend fewer resources. Some disability advocates and EN representatives said some ticket holders, for example, those located in rural areas or whose mobility is limited by their disability, prefer to interact by phone or online.

Employment Networks Increasingly Use Approaches, Such as Sharing SSA Ticket Payments, That Target Those Already Employed or Ready to Work

Although ENs continue to provide a range of services, we found an increasing number of ENs used service approaches targeting ticket holders who are already working or ready to work, and ENs using these approaches have accounted for a greater share of payments. The 2008 regulatory changes more explicitly allow ENs to pay ticket holders and we found increasing numbers of ENs sharing SSA ticket payments with ticket holders who have sufficient earnings to qualify the EN for payment.⁵⁹ This "shared payment" approach allows the EN to readily claim ticket payments while providing no direct services because the ticket holder is already working or able to find a job without assistance.⁶⁰ These service approaches accounted for an increasing proportion of total ticket payments made by SSA. For example, in fiscal year 2007, 1 of the 20 ENs among those with the largest payment amounts used this approach and received about \$787,000 in SSA payments, or one-fifth of all payments to ENs. In fiscal year 2009, 3 of the 20 ENs among those with the largest payment amounts used this approach and received over \$4 million, or

⁵⁹Some milestone payments may not be available to an EN if, during the 18 months prior to the ticket holder assigning the ticket, the ticket holder worked and had earnings equal to or above the trial work level amount.

⁶⁰Seventeen of the 25 ENs in our review reported providing some form of financial assistance to ticket holders; however, while other ENs provide financial assistance for ticket holders who are looking for work, such as paying for transportation to a job interview or for a job application fee, ENs who share payments do so only if the ticket holder has earnings sufficient to generate a ticket payment to the EN from SSA. Paying ticket holders is also a primary activity of ENs using the shared payment approach, and these ENs also generally reported providing larger amounts.

nearly one-third of payments to all ENs.⁶¹ Two of the 3 ENs pass back 75 percent of SSA's ticket payment to ticket holders, equating to about \$950 per payment for some ticket holders,⁶² and retain 25 percent themselves; and the third EN offers ticket holders \$500 every 3 months.⁶³ SSA officials told us the decision to allow ENs to share payments with ticket holders was made in 2001, prior to the program's implementation and by officials who have since left the agency. Yet in its 2008 changes, SSA for the first time provided regulatory language that clearly permits the use of shared payments.⁶⁴ Some disability rights advocates and EN representatives said that since program rules do not allow ticket holders to serve as their own ENs, this approach allows them to receive a Ticket program payment for their efforts to find a job on their own. Some EN representatives also said the payment may help a ticket holder meet needed work-related expenses such as transportation, clothing, and child care, increasing the likelihood he or she will keep a job. However, the ENs sharing payments with ticket holders told us they do not restrict or verify how the money is used. Two of the ENs require ticket holders to sign a form affirming their intent to use the payments for work-related expenses and the third simply provides payments.

While the data indicate a large number of ticket holders assigned to shared-payment ENs have earnings sufficient to generate SSA payments, this is expected given these ENs target ticket holders who are already working. Long-term outcomes of ticket holders receiving shared payments compared to those receiving support services is unknown, because SSA does not assess the relative outcomes of ticket holders based on services received. A senior SSA official acknowledged that the program must balance the demands it places on ENs to provide services with incentives for them to participate, and Congress' intent was to provide ticket holders with a choice of services. However, the official also told us SSA officials

⁶¹ Although our review was limited to those ENs receiving among the largest payments in fiscal years 2007 and 2009, through our EN interviews and background review of the EN directory, we identified several other ENs using the shared payment approach.

⁶² This refers to milestone payments. Under the outcome payment method, DI ticket holders who have sufficient earnings to leave the benefit rolls could receive up to about \$19,200.

⁶³ According to a representative from the third EN, it also provides some ticket holders with benefit planning assistance, although we did not independently verify the services ENs reported providing in our interviews.

⁶⁴ 20 C.F.R. § 411.566 (2009). The revised regulations explicitly permit ENs to use outcome or milestone payments to make payments to ticket holders.

have some concerns about the shared payment approach because the program was not intended to provide a wage subsidy, nor assist those who can find employment on their own, but to provide tangible employment-related services to those who can benefit from them most. Along these lines, near the end of our review, the official said SSA is considering requiring ENs to provide a minimum level of services and to periodically assess ticket holders' need for additional services.

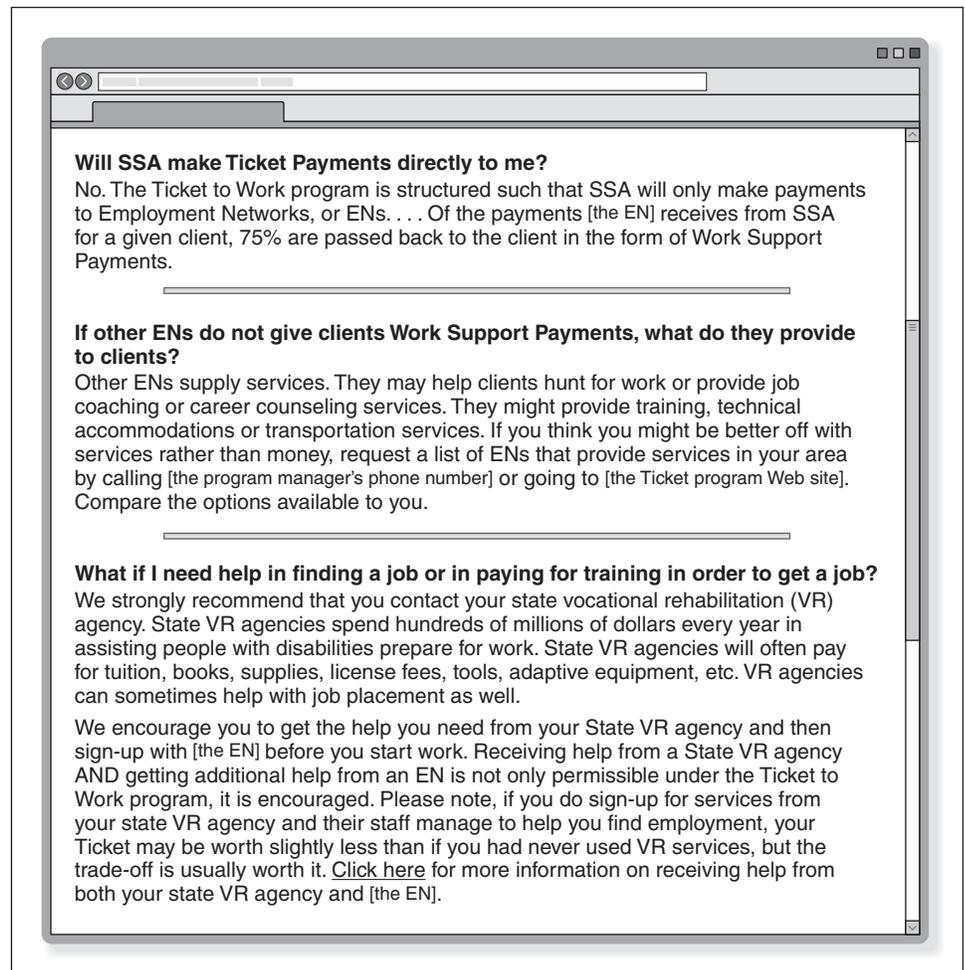
Some disability rights advocates and EN representatives raised concerns about sharing payments while providing only limited or no other services. This approach, they said, only works for ticket holders who can find employment on their own, and raises questions about the value these ENs add to the program. For example, one disability rights advocate said that it would be preferable for SSA to give the ticket holder the entire payment directly, rather than paying an EN a portion of the ticket payment to serve as a middleman. Additionally, the representatives told us ticket holders may need support after finding employment, such as counseling or help with a disability-related relapse, but choose an EN using the shared-payment approach because they are enticed by the financial incentive and do not anticipate future difficulties. In fact, at the time of our review, one EN's Web site explicitly encouraged ticket holders who need help finding a job to contact their VR first, then return to the EN for shared payments only when employed (see fig. 3).⁶⁵ Because ENs using this approach reported they tend to interact with ticket holders by phone or online, ticket holders may find it difficult to get answers to questions. During our review, we made phone calls to 6 ENs that offer shared payments and frequently reached a recorded message.⁶⁶ We were able to speak directly with a representative for only 2 of the 6 ENs, and in one case, all extensions for the EN's toll-free number were out of service. Further, some disability rights advocates expressed concerns that ticket holders who decide they need additional support will have difficulty switching to another EN: Some of the ticket's value has been used, and fewer potential payments may make the ticket holder a less desirable client for a

⁶⁵After reviewing a draft of our report, agency officials told us they directed the EN to remove this statement from its Web site, and noted that under current regulations, an EN may only refer ticket holders whose ticket assignments they hold to a VR if the EN has a written agreement with the VR. After receiving the agency's comments, we found this language was still on the EN's Web site as of April 13, 2011.

⁶⁶The EN contract states ENs are expected to be accessible to ticket holders by providing toll-free phone numbers. Additionally, SSA officials told us they review ENs to ensure they answer or return phone calls in a timely manner.

prospective EN.⁶⁷ Further, according to one EN representative, because these ENs do not provide a vocational assessment of strengths, weaknesses, and aptitude, ticket holders may end up in a job that is a poor fit, affecting their ability to retain it and, ultimately, reduce dependency on benefits.

Figure 3: Excerpts from the Web Site of an Employment Network Providing Shared Payments



Source: Redacted excerpts from an EN Web site.

⁶⁷ According to one disability rights advocate, using up the value of a ticket could be an issue for any ticket holder who wants to switch ENs, regardless of the approach used by the EN (see the sequence of payments available to ENs in app. III).

In addition to the shared payment approach which targets ticket holders already working, two “employer-driven” service approaches which target ticket holders who are ready to work have also accounted for a greater share of SSA payments to ENs among those with the largest payment amounts: the direct employment approach, in which the EN itself employs ticket holders, and the staffing approach, in which the EN primarily works with employers to develop and identify jobs for ticket holders, similar to a staffing agency. While 4 of the 20 ENs among those with the largest payments in fiscal year 2007 used employer-driven approaches, 6 did so in fiscal year 2009. Payments to these ENs in fiscal year 2007 were about \$226,000 or 6 percent of all SSA payments; in fiscal year 2009, payments increased to about \$1.7 million, or 13.4 percent⁶⁸ (see fig. 4). A representative of one EN using an employer-driven approach told us the EN plans to pay financial incentives to employers to hire ticket holders.⁶⁹ One key program official told us SSA does not restrict how ticket payments are spent, and its handbook for ENs includes an example of an EN providing employers with financial incentives. Both approaches generally target ticket holders who are ready to work, facilitating earlier SSA payments to the EN. For example, one EN looks for ticket holders with a high school education, computer skills, and relevant work experience, and screens out ticket holders with psychiatric or cognitive impairments. SSA officials told us they expect ENs to accept ticket assignments of ticket holders who are job ready, as well as individuals they believe they can assist in becoming job ready. They said those who are job ready may have the best chance of becoming financially independent and leaving the benefit rolls. Some disability rights advocates and EN representatives said the direct employment approach can provide on-the-job supports for ticket holders, and the staffing approach could increase the likelihood of a quick job match by responding to the needs of employers. However, they also raised some concerns about these approaches. For example, some disability rights advocates and EN

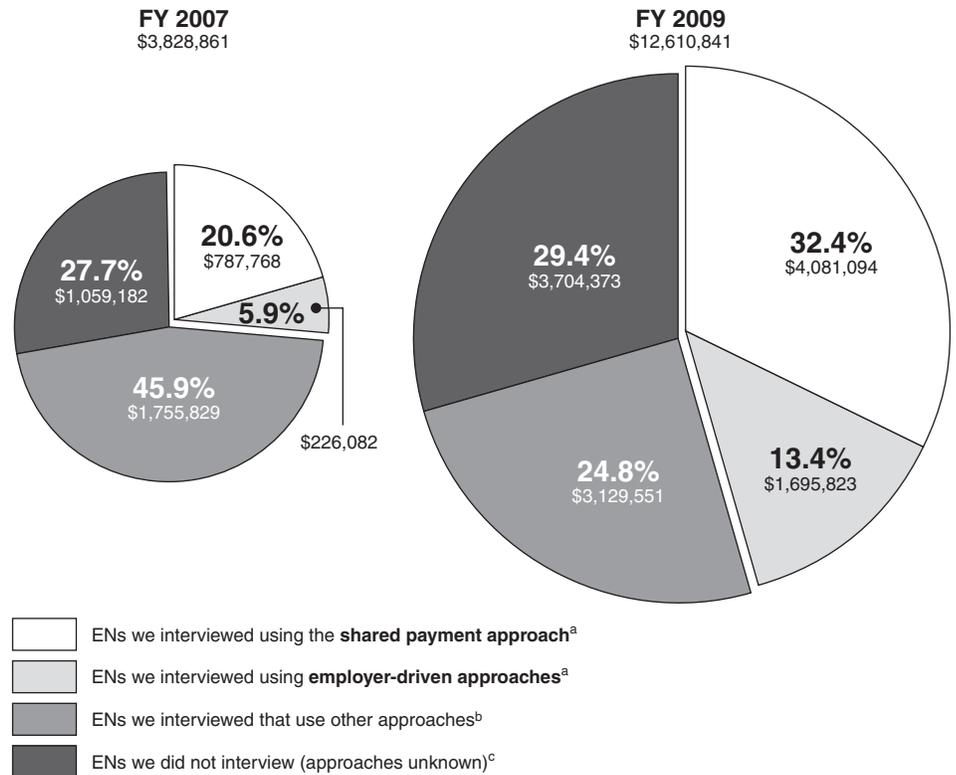
⁶⁸For example, one locally based EN using the direct employment approach reported hiring ticket holders to work in businesses owned by the EN, including a document destruction business and a packaging and assembly business. Two national ENs using the staffing approach reported matching ticket holders with work-from-home jobs through arrangements with employers.

⁶⁹A representative of one additional EN using an employer-driven approach reported plans to offer employers two-thirds of the ticket payment for each ticket holder hired, but toward the end of our review, this representative told us these plans had changed and the EN will offer employers assistance in applying for the Work Opportunity Tax Credit, and not a portion of the ticket payment, because the tax credit is sufficient to generate employer interest.

representatives said there is the potential for disclosure of a ticket holder's disability to an employer, although some may be uncomfortable having this private information shared for fear of being treated differently by supervisors or coworkers.⁷⁰ Some EN representatives raised a concern that once payments from SSA to the EN, or from the EN to the employer cease, ticket holders could lose their jobs because the financial incentive is gone. Some disability rights advocates and EN representatives also raised concerns that under the staffing approach, ENs may focus primarily on an employer's needs and steer ticket holders into jobs that are not a good match, decreasing the likelihood of job retention.

⁷⁰By law, prospective employers generally may not inquire as to whether a job applicant has a disability. 42 U.S.C. § 12112(d)(2)(A).

Figure 4: Percentage of ENs Using Certain Service Approaches and SSA Payments Received, Fiscal Years 2007 and 2009



Source: GAO analysis of SSA data on ticket payments to ENs in fiscal years 2007 and 2009 and EN interview responses.

^aENs may use more than one approach, but were categorized based on the primary approach used. There was no overlap between those using shared payment and employer-driven approaches as primary approaches.

^bThis category includes ENs we interviewed that were not using shared payment or employer-driven approaches as primary approaches. For example, some of these ENs primarily use job search assistance or state VR agency approaches.

^cThis category refers to ENs that we did not interview. It is not known what service approaches these ENs use.

SSA Does Not Compile or Use Data on Service Provision Trends

SSA officials said they do not compile data on trends in service provision, nor view it as SSA's role. As a result, information on service provision is limited. For example, although SSA compiles information on certain types of service providers, such as mental health providers, as part of its efforts to recruit specific providers, it does not obtain comprehensive information on services provided by all ENs. Moreover, while service providers applying to become ENs must indicate which services they intend to

provide using a checklist in the request for proposal, and approved ENs must update this information on the annual periodic outcome report to SSA, the checklist does not reflect all services, such as providing financial assistance or incentives to ticket holders via shared payments. One key program official acknowledged that some ENs note they offer all services listed in the request for proposal (RFP) and annual periodic outcome report while rarely or never providing some of them. Further, it is unclear that SSA uses information it collects on service provision. For example, while SSA officials told us the agency first approved an EN with a shared payment approach because the EN pledged to offer job search assistance, personal attendant support, and other services, we found this EN does not provide such services and had not reported providing them in its last three annual periodic outcome reports to SSA.⁷¹ During the course of our review, SSA officials said they plan to begin restricting the services an EN can advertise in the online service directory to services the EN has agreed to provide ticket holders in individual work plans. This is intended to ensure the directory of ENs and services more accurately reflects actual services delivered.

Without sufficient data on trends in service provision, SSA lacks information to inform its management and oversight of the program, or to tailor guidance to ENs. Internal control standards state that program managers need operational data to determine whether they are meeting their goals for accountability.⁷² SSA has identified problems with certain service approaches on an ad hoc basis, and responded with changes in program requirements and procedures. In 2009, SSA provided further clarifications regarding its 2008 regulatory requirements for phase 1 milestone 1 payments (payments made by SSA to an EN when a ticket holder has 1 month of trial work-level earnings) and established a review process⁷³ after an investigation following a beneficiary complaint found that some ENs employed ticket holders themselves just long enough to qualify for this payment, according to SSA officials. Although SSA was

⁷¹ Our review of annual periodic outcome reports was limited to reports from 2007 to 2009, the most recent available. Aside from providing Web links to job search tools, the EN provides only payments.

⁷² [GAO/AIMD-00-21.3.1](#).

⁷³ Under SSA's review process, payment technicians identify ENs that meet two of the following criteria: (1) EN employs the ticket holder, (2) EN has submitted multiple requests for phase 1 milestone 1 payments, and (3) amount of ticket holder earnings claimed in these requests is less than the full trial work-level amount.

responsive and has since implemented additional oversight mechanisms, the problem was identified by a third-party complaint and not through systematic oversight on the agency's part. In addition, because sufficient data on the extent to which shared payment, employer-driven, or other service approaches is not collected by SSA, we could not determine approaches of ENs we did not review, despite the fact these ENs received nearly \$3.7 million, or nearly 30 percent of all payments from SSA in fiscal year 2009. Finally, without sufficient information on service provision trends, SSA is unable to provide guidance or best practices to ENs. For instance, although some disability rights advocates and EN representatives raised concerns that employer-driven approaches may pose conflicts of interest if safeguards are not implemented, the EN contract does not include guidance to ENs on how to avoid such issues.

SSA Lacks Adequate Management Tools for Evaluating Ticket Holders and Employment Networks to Ensure Program Integrity and Effectiveness

SSA Has Not Consistently Monitored Ticket Holders' Timely Progress Toward Self-Supporting Employment

Since 2005, SSA has not consistently monitored or enforced the timely progress of ticket holders who assign their tickets to ENs and VRs in order to assess whether they should continue to be exempt from medical continuing disability reviews (CDR)—a key tool for assessing continuing eligibility for benefits. While timely progress by ticket holders is a regulatory requirement,⁷⁴ SSA instituted a moratorium on enforcing

⁷⁴Ticket holders who assign their tickets are generally required to make timely progress toward self-supporting employment. 20 C.F.R. § 411.180 (2009). A ticket holder who does not meet the timely progress requirements is no longer exempt from medical continuing disability reviews. 20 C.F.R. § 411.210(a) (2009).

progress review results⁷⁵—a responsibility of the Ticket program manager—because of concerns expressed by service providers that the work requirements for ticket holders were too stringent.⁷⁶ SSA also considered changes that would have eliminated timely progress reviews. However, the final 2008 regulatory changes established more stringent timely progress standards, such as minimum requirements for ticket holders to meet within the first 2 years of ticket assignment, but added provisions allowing for education or job training in lieu of employment (see app. VI).⁷⁷ SSA has acknowledged in the preamble to its program regulations and in a 2005 internal memo the importance of timely progress reviews for ensuring that ticket holders who have medically improved and no longer meet SSA’s disability requirements do not receive benefits and its disability programs do not incur unwarranted costs. Further, without timely progress reviews, representatives of some of the ENs we interviewed said some ticket holders “park” their tickets to get the CDR exemption, for example, by assigning their ticket with no interest in obtaining EN services or reducing their dependence on benefits. Resuming timely progress reviews, they said, would be a positive motivator for ticket holders to engage in EN services essential to obtaining and retaining employment and, ultimately, reducing dependence on benefits.

⁷⁵A January 2005 SSA internal memo indicated that the program manager would continue conducting the reviews but suspend adverse actions resulting from the reviews. While multiple interviews with SSA and program manager officials, as well as other documentation, clarified that the timely progress reviews were, in fact, suspended altogether, SSA officials were unable to provide us with information to clarify when this occurred.

⁷⁶According to SSA documents, the moratorium occurred as a result of concerns by service providers that the timely progress requirements did not allow sufficient time for ticket holders to prepare for work and the work requirement was too early. Under the prior regulations, timely progress requirements were based on earnings at or above the SGA level and did not allow for education and training alternatives as they do under the regulations finalized in 2008. 20 C.F.R. § 411.191 (2007). Specifically, under the old regulations, a ticket holder with an assigned ticket had to show, by the 24-month review, “active participation” in the program; by the 36-month review, earnings at SGA for 3 of 12 months; by the 48-month review, earnings at SGA for 6 of 12 months; and by the 60-month review and each successive 12-month review, earnings above SGA for 6 of 12 months and no cash benefits. See appendix VI for the requirements under the 2008 regulatory changes.

⁷⁷Amendments to the Ticket to Work and Self-Sufficiency Program, 73 Fed. Reg. 29,324, 29,341-43 (May 20, 2008). The regulatory changes in 2008 modified rather than eliminated the timely progress requirements. According to SSA officials, eliminating the requirements was considered too costly because it would have provided all ticket holders assigning tickets with CDR exemption.

During the course of our review, in November 2010, representatives of the Ticket program manager reported they began limited resumption of the timely progress reviews. Representatives of the program manager reported, between November 19 and December 15, 2010, they mailed out requests for information on timely progress (the first step in the review process) to roughly 4,900—or 26 percent—of the 19,000 ticket holders initially reported as due for review in November of that year.⁷⁸ After reviewing a draft of our report, SSA officials told us that by February 8, 2011, initial requests for information had been mailed to those ticket holders—almost 3 months after they began their mailings.⁷⁹ Given that SSA estimates between 13,000 to 22,000 ticket holders will be due for timely progress reviews each month of the first year of resumption, there is potential for a significant backlog in reviews to determine which ticket holders should continue to qualify for CDR exemption. To reduce the workload, SSA and the program manager reported taking steps to develop an automated earnings check to better identify ticket holders who met timely progress based on their earnings, and eliminate the need to contact them for a review. The agency also delayed resumption of timely progress reviews⁸⁰ to ensure this automated earnings check was operational,⁸¹ according to one SSA official. However, as of December 15, 2010, program manager representatives reported it still was not operational and began resumption of timely progress reviews without this check in place. Once in place, one SSA official anticipated these automated earnings checks would reduce the volume of mailings and follow-up action needed to complete

⁷⁸Ticket holders are due for timely progress reviews at the end of each 12-month period for which the ticket is assigned to an EN or VR, or in use with a VR under the cost-reimbursement payment system.

⁷⁹In December 2010, representatives of the program manager reported that 19,000 ticket holders were due for review in November 2010. After reviewing a draft of our report, SSA officials told us the number of reviews scheduled for the program manager to complete for November 2010 should reflect 12,900. However, we were unable to independently verify the actual numbers due for review in November 2010 or the number of mailings sent out by February 2011.

⁸⁰SSA and Ticket program manager staff reported they anticipated resuming timely progress reviews in September 2010. In preparation, in September 2009 the Ticket program manager began sending ticket holders advance notice they would be due for review in a year. During the course of our review, the Ticket program manager developed Web-based training for ENs and VRs on timely progress requirements and reviews.

⁸¹According to Ticket program manager representatives, the automated earnings check will check wage data from the U.S. Department of Health and Human Services' Office of Child Support Enforcement to identify ticket holders with earnings sufficient to meet timely progress.

timely progress reviews. However, representatives of the program manager said such checks would have little impact on the number of pending reviews: When operational, they estimated, the checks would likely identify only a few hundred ticket holders as meeting timely progress out of the 13,000 to 22,000 due for reviews each month. SSA officials said that significant experience with the earnings check will be needed to determine its ultimate impact on the workload. After reviewing a draft of our report, they said the primary reason for conducting the earnings check is to avoid placing unnecessary burden on ticket holders and ENs, and any reduction in workload would be an additional benefit.

In addition to delays in monitoring timely progress, there are questions about whether the program manager will have reliable information to make timely progress determinations. At the time of our review, SSA and program manager representatives told us they will rely on ticket holder and EN self-reported information.⁸² For example, the progress review form the program manager sends to ticket holders asks them to reply with a yes or no answer as to whether they met the earnings requirement or the education or training requirement, and asks for the name of the school and number of credits completed. SSA and program manager representatives told us they do not independently verify this self-reported information with employment records or educational documentation. In our past work, we have found that reliance on self-reported information alone can lead to program integrity issues, such as overpayments of SSA benefits.⁸³ Absent some level of independent verification of the information ticket holders provide, it is unclear to what extent the results of the timely progress reviews are based on accurate information.

SSA Has Not Developed Performance Measures for Employment Networks

SSA has not developed performance measures for contracted ENs to assess their success in helping assigned ticket holders obtain and retain employment and reduce dependence on disability benefits. The Ticket law directs SSA to develop performance measures for quality assurance in the

⁸²SSA and Ticket program manager business procedures for timely progress state they will contact the ticket holder first. If the ticket holder does not respond within 45 days, the program manager sends a request to the EN asking it to certify whether the ticket holder met timely progress.

⁸³GAO, *Supplemental Security Income: SSA Could Enhance Its Ability to Detect Residency Violations*, [GAO-03-724](#) (Washington, D.C.: July 29, 2003) and GAO, *Benefit and Loan Programs: Improved Data Sharing Could Enhance Program Integrity*, [GAO/HEHS-00-119](#) (Washington, D.C.: Sept. 13, 2000).

provision of services by ENs, and gives SSA the authority to terminate EN contracts for inadequate performance.⁸⁴ In addition, internal control standards for the federal government also stress the use of performance measures for proper stewardship of and accountability for government resources, and for achieving effective and efficient program results.⁸⁵ SSA officials told us the historically low number of contracted ENs, and even fewer that accept tickets, made it difficult to hold ENs to performance standards. Since the increases in the number of ENs after the 2008 changes, officials said they may consider factoring performance into EN contract extension reviews in the future.⁸⁶ Near the conclusion of our audit work, they told us they are considering future updates to the program regulations that in their view will address EN performance expectations. However, without performance measures, SSA is currently unable to systematically evaluate EN performance, and ultimately determine whether ENs should be allowed to remain in the program.

Lack of performance measures may mean ENs are unclear about program goals and send mixed messages to ticket holders about expected outcomes. Of the 25 ENs we interviewed, representatives of 15 said SSA had not adequately articulated performance expectations for serving ticket holders. SSA officials told us EN quality assurance is built into the Ticket program's payment system because ENs cannot get paid until a ticket holder meets minimum earnings thresholds. However, the 2008 regulatory changes lowered the earnings thresholds required for ENs to be eligible for ticket payments, making it possible for ENs to be paid without a ticket holder first achieving earnings at or above the SGA level. An EN with the fourth-largest payment amount from SSA in fiscal year 2009 stated in its last three annual periodic outcome reports that 100 percent of its ticket holders placed in jobs had earnings of less than \$10,000 per year—equating to less than the SGA level, if earnings were accrued regularly over the course of 12 months. In fact, the EN's phone message states that DI ticket holders can work part time indefinitely without reducing SSA benefits, and the Web site says most of its positions are designed so ticket holders stay below income thresholds for benefit cutoff. Despite the fact

⁸⁴ 42 U.S.C. § 1320b-19(d)(5) and (6).

⁸⁵ GAO, *Internal Control Standards: Internal Control Management and Evaluation Tool*, GAO-01-1008G (Washington, D.C.: August 2001).

⁸⁶ SSA officials told us they do not use the contract extension as an opportunity to reassess performance and qualifications. For a contract to be extended, according to SSA officials, the EN must primarily show that their insurance is up to date.

that SSA's EN handbook states the ultimate goal of the program is to reduce dependence and, whenever possible, eliminate reliance on benefits, we found multiple ENs among those with the largest payment amounts communicating through their Web sites, recorded phone messages, or in our discussions with representatives that as long as DI ticket holders' earnings stay below the SGA level, they can keep full disability benefits (see fig. 5 for excerpts of calls and a link to audio excerpts. App. VII provides full transcripts of the calls). While full-time employment may be unattainable for certain ticket holders and one key program official told us that part-time employment is acceptable under the 2008 regulations, the official said it should be a starting point, not an end goal.⁸⁷ Nonetheless, our review indicates some ticket holders are being coached by ENs, including some of those with the largest payment amounts, to work part time so as not to jeopardize their benefits.

⁸⁷SSA officials told us that changes to the Ticket program manager contract, made during our review, will help clarify performance expectations for ENs because the program manager will be held to goals for increasing the number of ENs that take ticket assignments, and the percentage of their ticket holders working at a level that qualifies the EN for ticket payment. However, these goals do not assess EN performance in helping ticket holders retain employment and reduce dependence on benefits, and do not directly hold ENs accountable for performance.

Figure 5: Transcript Excerpt of Calls with Employment Networks on Working Indefinitely Without Losing Benefits, September and October 2010

A GAO investigator phoned multiple ENs on behalf of a fictitious brother, who was portrayed as a ticket holder, to learn about the Ticket program and the services provided by the ENs. Below are excerpts from three calls in which EN representatives told the caller that a DI ticket holder may collect full monthly benefits indefinitely as long as he remains under the SGA earnings level, despite the fact that the ultimate goal of the Ticket program is to reduce dependence on benefits.



EN representative: “So this is a service where it's funded by the government, and it's services of –you know–to the community where they help people with disability find part-time work. Because if they–**if you get any full-time work, then you know, they're gonna cut you off. So we're not offering you full-time work.** We're helping you find part-time work.”

— Excerpt from Call One (Complete transcript in appendix VII)



EN representative: “What's important for your brother to know is that right now, as of 2010, **he can go out, work any job that he wants so long as he stays under the \$1,000 a month, he gets his cake and eat[s] it too.** He gets the–he gets his wages, and he gets his full SSDI benefit, and the medical, and everything that goes along with it. **And that can–that can go from today until your brother retires, or whatever.”**

— Excerpt from Call Two (Complete transcript in appendix VII)



EN recording: “As long as SSDI recipients remain under those earning limits and their disability does not improve, **they can work part-time and continue to collect their full monthly SSDI check indefinitely.**”

— Excerpt from Call Three (Complete transcript in appendix VII)



To hear additional audio excerpts from the three phone calls, go to...

<http://www.gao.gov/products/GAO-11-324>

Sources: GAO and employment networks.

While SSA lacks performance measures to evaluate ENs, it does collect some self-reported EN performance information. To comply with the Ticket law, SSA requires ENs to submit annual periodic outcome reports, including information on ticket holder job placements, job retention, and disability benefits suspension and termination.⁸⁸ SSA officials told us the

⁸⁸ 42 U.S.C. § 1320b-19(f)(4).

original purpose of these reports was to evaluate EN performance and, as required by law, to make the reports available to beneficiaries. However, officials said because the information is self reported it is not used to evaluate ENs or shared with beneficiaries. Instead, officials said the outcome reports are primarily used by the Ticket program manager to update EN contact information, such as addresses and phone numbers. At the time of our review, SSA was developing a report card with performance information on each EN with 10 or more assigned tickets. The report card is based on selected information from the annual periodic outcome reports, as well as from a newly developed ticket holder customer satisfaction survey, and is currently being piloted in California. SSA officials said the primary purpose of the report cards will be to share performance information with ticket holders, as required by law, to help them make informed decisions when selecting an EN.⁸⁹ SSA officials also said they were beginning to solicit feedback from ENs on how the report card might be used by the agency to evaluate EN performance, but were unable to provide us with documentation on plans to use the report card as a performance management tool. Further, because the report cards are designed to be used by ticket holders, it is not clear they will include the full extent of outcome-oriented performance information needed to evaluate ENs against the program purpose, particularly in deciding whether to extend an EN contract. For example, the report card does not have any indicators for an EN's success in moving ticket holders off benefits. While it includes an indicator for ticket holders who retain a job for at least 6 months, it does not include earnings information, which is key to reducing and eventually ending SSA disability benefits.

SSA's Approval Process for Employment Networks Lacks Systematic Mechanisms to Ensure Quality

SSA's process for approving ENs to serve ticket holders lacks systematic tools to ensure quality, such as requiring all applicants to submit a comprehensive business plan for how their services will help ticket holders obtain and retain employment and reduce dependency on benefits, and providing clear and specific written criteria to SSA staff who review qualifications of applicants. SSA's RFP states an EN applicant must provide applicable certificates, licenses, or other credentials for delivering employment services, VR services, or other support services. An EN is only required to submit a qualifications statement and business plan that demonstrates expertise and/or experience at providing employment

⁸⁹ 42 U.S.C. § 1320b-19(d)(6).

services if it does not submit specified documents⁹⁰ (see table 2). SSA officials told us when the program was implemented almost all applicants were approved because the agency wanted to increase participation. As of June 2010, only 11 ENs had ever been denied an EN contract, 6 of those in fiscal year 2010. However, SSA officials told us that, in recent years, they have become more stringent in reviewing qualifications; and, in May 2009, modified the RFP to require more detailed information from applicants who submit a business plan. Near the conclusion of our review, the officials told us they were considering changes to the RFP requiring all ENs to submit a business plan that describes how the applicant's services will help the ticket holder achieve sustained employment. The officials also said they were considering requiring ENs to demonstrate more specific experience serving individuals with disabilities. However, these changes were still pending at the time of our review.

⁹⁰Since before the 2008 changes to the program regulations, SSA provided EN applicants with the alternative of demonstrating other qualifications if the applicant did not have a state license, certification, or accreditation; however, in May 2009, SSA specifically required that this alternative documentation include a qualifications statement and business plan, and outlined the specific elements the business plan must include. See table 2 for RFP proof of qualifications requirements.

Table 2: SSA’s Requirements for Proof of Qualifications for EN Applicants, as described in SSA’s RFP, as of September 3, 2009

RFP states applicant must provide one of the following to demonstrate proof of qualifications:	A copy of a license or certification as required by state law to provide employment services, VR services, or other support services.
	Evidence of certification or accreditation from national rehabilitation and employment services accrediting bodies establishing an applicant’s qualifications to provide or arrange for provision of employment services, VR services, or other support services, when no state law requirement.
	Proof of a contract or an equivalent vendor agreement with a VR or other state agency to provide employment, VR, or other support services.
	In the absence of the above, a qualifications statement and business plan that clearly demonstrate the applicant’s expertise and/or experience in providing employment services and/or supports relevant to the requirements of the RFP. The business plan must describe how the applicant will provide services to assist the beneficiary in achieving the beneficiary’s employment goal and advancing to self-supporting employment. ^a If an applicant proposes to provide EN services to a beneficiary as the employer of the beneficiary, the business plan must acknowledge that the EN will pay the beneficiary (employee) upon services rendered.

Source: SSA’s RFP for Employment Networks.

^aAccording to the RFP, the business plan must discuss: (1) how the applicant will recruit beneficiaries; (2) the types of beneficiaries who will be recruited; (3) the services to be provided beneficiaries; (4) for ENs that employ beneficiaries or assist in job hunting/placement, the beneficiary’s anticipated short-term monthly earnings; (5) an explanation of how the applicant’s services will enable beneficiaries to maximize their economic self-sufficiency and advance to sustained, self-supporting employment; (5) time frame for setting up EN operation; (6) goal for the number of ticket assignments accepted in the first and second years of operations; (7) estimated revenue that will be generated from the Ticket program during that time frame; and (8) revenue sources outside the Ticket program.

SSA has not consistently required ENs directly hiring ticket holders to submit a comprehensive business plan—a safeguard that could screen out ENs with insufficient qualifications or questionable business practices. In May 2009, as a result of questionable activities by some ENs which temporarily hired ticket holders primarily to obtain early ticket payments,⁹¹ SSA revised its RFP to require applicants intending to hire ticket holders directly to provide additional information on the nature of this employment in their business plans. Our case file review showed that SSA subsequently denied one EN applicant in April 2010 because it had not provided “a clearly elucidative business plan for assisting beneficiaries

⁹¹Under the new regulations, an EN was eligible for the phase 1 milestone 1 payment of \$1275 (for 2010) when a ticket holder earned half of the trial work level (\$360 for 2010) in 1 month. Through a beneficiary complaint and further investigation, SSA officials reported they found some ENs were only requesting phase 1 milestone 1 payments, and found they were hiring ticket holders directly just long enough to qualify for this payment. In addition to modifying the requirements for this payment and establishing a review of payment requests, SSA also modified the RFP to require EN applicants to disclose in their business plans the nature of any direct employment they intended to provide ticket holders.

in finding and retaining employment with a goal toward self-sufficiency.” Yet of 9 RFP submissions by ENs approved by SSA in March and April 2010 which indicated in the RFP that they would directly employ ticket holders, 7 were not required to provide a business plan because they provided one of the other allowable proof of qualifications—documentation of certificates, licenses, or other credentials. As a result, SSA lacked information to assess whether the nature and extent of the proposed direct employment were consistent with the program’s purpose.

In addition, SSA does not have clear and specific criteria to clarify the RFP requirements and help staff responsible for reviewing EN applications assess whether an applicant’s documentation of qualifications is adequate. While the RFP requires an applicant, if submitting a business plan, to clearly demonstrate expertise and/or experience in providing employment services and/or supports relevant to the requirements of the RFP, there is no explicit requirement for all EN applicants to demonstrate experience working with people with disabilities or in providing the specific services listed in its application. SSA staff told us they use the criteria from the RFP, their judgment, and their knowledge of the Ticket law to assess qualifications. One SSA official said because a team of only three people is responsible for reviewing EN applications, they learn on the job. If they have questions, they ask other staff or their supervisor. However, without clear and specific criteria, we found staff did not always hold applicants to the same standards. For example, while one employee reported reviewing EN qualifications against the EN’s proposed services in the submitted RFP, the 38 applicant case files we reviewed for EN applicants approved and denied in fiscal years 2009 and 2010 indicated staff do not consistently link EN qualifications to promised services. We found 5 applicants who were denied explicitly because they could not demonstrate experience or expertise working with people with disabilities or in providing specific services, such as work incentives counseling, self-employment assistance, and supported employment. In contrast, 14 others who also did not demonstrate such experience or expertise were approved, according to the files.⁹² In one instance, an applicant approved by SSA in August 2009 indicated in its RFP submission it planned to provide career consulting, job placement, supported employment, as well as various other services,

⁹²As part of this review, we did not assess whether these applicants should have been approved, but whether potential criteria informally used by SSA staff to make approval decisions, in the absence of specific written criteria, were applied consistently.

but submitted a beauty institute license as its only proof of qualifications to provide such services.

Conclusions

SSA has achieved modest improvements in Ticket program participation for ticket holders and ENs under the revised regulations finalized in 2008, and we are encouraged that in recognition of program weaknesses, the agency is considering various improvements. However, at this time, the agency still lacks critical management and oversight mechanisms to assess whether the program is achieving its original purpose, and ultimately, whether the program is viable. SSA is considering studying ticket holders' exits from the rolls following the implementation of the 2008 regulations; however, it is unclear whether the agency will follow through with this effort. It also has not collected adequate information on service provision that could help the agency and policymakers analyze program trends, including the increasing prevalence of sharing SSA ticket payments with ticket holders. In this regard, SSA is not well positioned to assess the long-term success of the program or whether service approaches, such as sharing payments with ticket holders, are consistent with program goals. Moreover, without regular reviews of ticket holders' timely progress toward reducing dependence on benefits, they may remain exempt from CDRs, regardless of whether they are in fact moving toward self-supporting employment. Even with resumption of these reviews, SSA may be unable to keep pace with the volume of reviews and their reliance on self-reported information raises questions about accuracy. Inadequate monitoring of ticket holders' progress raises program integrity concerns and could result in benefit payments to beneficiaries who may no longer be eligible. Further, absent assurance of EN quality and sustained oversight of EN performance, ticket holders could encounter ENs providing services or information that are inconsistent with the program's purpose of reducing or eliminating dependence on benefits. Ultimately, SSA must balance its efforts to increase participation in the program with a commitment to outcome-oriented results that emphasize reducing beneficiaries' dependence on benefits. Without improvements to existing management tools and oversight procedures in the Ticket program, SSA will not be able to provide reasonable assurance that, in a time of increasing fiscal challenges, limited tax dollars are being effectively used to achieve these important program objectives.

Recommendations for Executive Action

To inform assessments of the program's cost and effectiveness and enhance SSA's oversight and monitoring of ENs and ticket holders, we recommend that the Commissioner of Social Security take the following four actions:

- prioritize and carry through with a study of participating ticket holders' exits from the rolls since revisions to the program's regulations took effect in 2008;
- adopt a strategy for compiling and using data on trends in employment network service provision to determine whether service approaches, such as sharing SSA ticket payments with ticket holders, are consistent with program goals of helping ticket holders find and retain employment and reduce dependency on benefits; for example, SSA could revise existing tools to compile information on service approaches used by all ENs;
- develop a strategy to ensure on-time completion of timely progress reviews of ticket holders and take steps to ensure the accuracy of information used to make timely progress determinations; and
- move forward to develop EN performance measures consistent with the requirements of the Ticket law.

Agency Comments and Our Evaluation

We provided a draft of this report to the Social Security Administration. In its written response, reproduced in appendix IX, SSA agreed with three of the five recommendations in our draft report, including a recommendation that the agency develop systematic mechanisms for reviewing the qualifications of prospective ENs. SSA also offered alternative language for the wording of two other recommendations. With regard to our recommendation to prioritize and carry through with a study of participating ticket holders' exits from the rolls since revisions to the regulations took effect in 2008, SSA stated that the agency already has plans to study the effects of the revisions on the Ticket program. However, as we discuss in the report, SSA's tentative plans to study exits from the rolls, in particular, have not yet been undertaken and depend upon the results of other planned research. We are encouraged that SSA intends to conduct this research. However, we continue to believe that prioritizing and carrying through with a study of ticket holders' exits from the rolls is important and that, without such information, an accurate and complete assessment of the program's effectiveness cannot be made. With regard to our recommendation that SSA develop a strategy to ensure on-time completion of timely progress reviews of ticket holders and take steps to ensure the accuracy of information used to make timely progress

determinations, SSA stated that it has a strategy in place, noting that it restarted the timely progress reviews in November 2010. As we discuss in the report, SSA began resumption of timely progress reviews for ticket holders due for review in November 2010. However, according to SSA, it did not carry out the initial step in the review process for these ticket holders until February 2011. Moreover, SSA estimates between 13,000 to 22,000 ticket holders will be due for timely progress reviews each month of the first year of resumption. Given SSA's current rate of processing the reviews and the volume of additional reviews which are imminent, we continue to believe there is potential for significant backlog in completing these reviews. SSA also stated that the agency will review a random sample of beneficiaries' cases to ensure the accuracy and reliability of information they compile when making timely progress review decisions. We welcome SSA's review of beneficiaries' cases, but continue to be concerned that SSA may not have reliable information on the front end to make timely progress determinations. Given that timely progress reviews are intended to be used as a key program integrity tool—to ensure appropriate exemptions from continuing disability reviews—we continue to believe that SSA needs a strategic approach to ensure the promptness and accuracy of timely progress determinations. SSA agreed with the recommendation we made in our draft report that the agency develop systematic mechanisms for reviewing the qualifications of prospective ENs. After reviewing and providing comments on our draft report, the agency posted a new Request for Quotation on April 27, 2011. This new Request for Quotation, which replaces all previous RFPs, requires each EN to submit a comprehensive business plan and includes more specific criteria for assessing EN qualifications. We believe that this satisfies the intent of the recommendation we made to the agency and should, if properly implemented, improve EN oversight; thus, we have removed the recommendation from our final report. SSA also provided technical comments, which we incorporated into the report where appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the Commissioner of Social Security, appropriate congressional committees, and other interested parties. In addition, this report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or bertonid@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix X.



Daniel Bertoni
Director, Education, Workforce,
and Income Security Issues

Appendix I: Scope and Methodology

Our review focused on (1) ticket holder and employment network (EN) participation over time, (2) service approaches used by ENs, and (3) the Social Security Administration's (SSA) policies and processes for evaluating ticket holders and ENs. To answer all of our research objectives, we reviewed relevant federal laws and regulations, and SSA's Program Operations Manual System for the Ticket program, as well as other written program policies and procedures. We conducted interviews with SSA officials from the Office of Employment Support Programs (OESP), SSA's contracted Ticket program manager, and SSA's contracted Ticket program recruitment and outreach manager to learn about their various roles and responsibilities and key management and oversight functions, including approving ENs; reviewing individual work plans, ticket assignments, EN annual periodic outcome reports, and reviewing and processing EN requests for payment; as well as reviewing timely progress of ticket holders. We also learned about the processes and management of the Ticket program manager's call center for beneficiaries. We conducted interviews and case file reviews for selected ENs and state vocational rehabilitation agencies (VR) that opted for the EN payment system. Overall, the scope of our review was generally limited to ENs, including VRs that opt for the EN payment system, although we examined changes in the number of ticket holders using tickets with VRs paid through the traditional SSA Vocational Rehabilitation Reimbursement Program over time. During our review, we also consulted with outside researchers, disability advocacy organizations, and other stakeholders. Specifically, we interviewed representatives of Mathematica Policy Research; the American Association of People with Disabilities; Consortium for Citizens with Disabilities;¹ Easter Seals Inc.; Goodwill Industries International, Inc.; National Alliance on Mental Illness; National Council on Independent Living; and the World Institute on Disability. For background purposes and to better understand the various roles and functions of entities related to the program, during our design phase, we interviewed representatives of two state Protection and Advocacy

¹From the Consortium for Citizens with Disabilities, we interviewed representatives of the Employment and Training Task Force. The task force members we spoke with represented several different organizations, including the Inter-National Association of Business, Industry & Rehabilitation; National Disability Rights Network; National Down Syndrome Congress; and Paralyzed Veterans of America.

programs,² a state Work Incentives Planning and Assistance project,³ and an SSA regional Ticket coordinator. During this phase we also contacted the SSA's Office of the Inspector General, the Congressional Research Service, the Congressional Budget Office, the National Council on Disability, and Social Security Advisory Board to identify any related work under way in this area.

To learn how ticket holder and EN participation in the Ticket to Work program has changed over time, we obtained and analyzed data on eligible ticket holders and ENs⁴ approved by SSA from fiscal year 2004, the year in which the Ticket program was fully implemented,⁵ through July 2010. Specifically to learn about ticket holder participation, we obtained data from SSA's Disability Control File and Comprehensive Work Opportunity Support System, for each of these years on the universe of ticket holders, and those who had assigned their tickets to ENs.⁶ Specifically to learn about EN participation, we obtained data from the Disability Control File and Comprehensive Work Opportunity Support System and for each of the years mentioned above, on ENs with SSA-approved contracts, assigned tickets, and payments from SSA.⁷ For the purposes of analyzing EN participation, we did not examine VRs with which ticket holders use their

²The Ticket law authorizes SSA to award grants to state protection and advocacy systems to provide information and advice about how to obtain vocational rehabilitation, employment, advocacy, or other services that DI or SSI beneficiaries may need to secure or regain gainful employment. 42 U.S.C. § 1320b-21.

³Work Incentives Planning and Assistance projects provide benefit planning and assistance services to DI and SSI beneficiaries with disabilities through SSA grants.

⁴The scope of our data analysis was generally limited to ENs and VRs paid as ENs, although we examined data changes in ticket holders' use of VRs paid through the traditional cost-reimbursement system over time to provide additional context on ticket holder participation.

⁵SSA began mailing tickets to eligible beneficiaries in February 2002, starting with 13 states and expanded the program to all 50 states by September 2004.

⁶We included in our count of ticket assignments tickets assigned at any point during the fiscal year.

⁷To provide a count of ENs with contracts and assigned tickets within each fiscal year, we included ENs with contracts and tickets assigned at any point during the fiscal year.

tickets.⁸ To assess the reliability of the data we obtained from SSA, we (1) reviewed existing documentation related to the data, (2) interviewed knowledgeable SSA staff about the data, and (3) tested the data for completeness and accuracy. Our data analyst followed up with SSA staff on an ongoing basis to clarify and resolve potential discrepancies she encountered with the data. Based on these steps, we have found these data to be sufficiently reliable for the purposes of our analysis. We also interviewed SSA officials, disability advocacy organization representatives, and employment network representatives and we reviewed studies on ticket holder participation to learn about factors influencing changes in participation.

To learn about service approaches used by ENs, between July and September 2010, we interviewed representatives of 25 ENs,⁹ which include 20 ENs among those with the largest payments in fiscal year 2007, the year prior to implementation of the new program regulations, and fiscal year 2009, the most recent year for which we had full data.¹⁰ Based on preliminary data from SSA, we selected the 20 ENs with the largest payments from SSA for our review of services provided by ENs, because we wanted to be able to report on services provided by ENs actually receiving payments from SSA, in effect, to provide a better sense of how government (taxpayer) dollars are being spent. In making this selection, we also determined that the amount of SSA payments received by these ENs made up an extensive share of the total payments SSA provided to all ENs.¹¹ We subsequently received updated data from SSA, which we confirmed with our own data analysis, and found these ENs accounted for the 20 ENs with the largest payments in fiscal year 2007, the 19 ENs with

⁸VRs can choose between the EN payment system or they may select the traditional cost-reimbursement method of payment under SSA's Vocational Rehabilitation Reimbursement Program. 42 U.S.C. § 1320b-19(c)(1). Under this program, SSA has reimbursed VRs since 1981 (before the Ticket program was established) for the costs of providing services to beneficiaries with disabilities when the beneficiary has sufficient earnings for a continuous 9-month time period.

⁹This includes VRs opting for the EN payment system, rather than the VR cost-reimbursement system.

¹⁰There was significant overlap in the ENs among those with the largest payments in fiscal years 2007 and 2009: 13 ENs were amongst those with the largest payments in both years. Additionally, 2 of the ENs among those with the largest payments in fiscal year 2007 merged, so we did not conduct separate interviews for these ENs.

¹¹The share of total payments SSA provided to the 20 ENs accounted for 72 percent and 71 percent of total SSA payments to all ENs in fiscal years 2007 and 2009, respectively.

the largest payments in fiscal year 2009, and the EN receiving the 22nd largest payment in fiscal year 2009. See appendix VIII for the ENs interviewed as part of this review. We conducted site visits to Arizona, California, Connecticut, Maryland, and Massachusetts to visit 10 of these ENs and with representatives of 2 ENs that have no physical locations for delivering services. We selected ENs for our site visits with a range of service approaches.¹² For these interviews, we asked ENs about the services they provided to ticket holders, including the frequency of providing these services, services they most commonly provide, the geographic area they serve, and how their services had changed over time.¹³ We also asked them about strengths and weaknesses of different service approaches, and costs and incentives for participating in the Ticket program. In addition to these interviews, we obtained and reviewed documents from SSA for each of the 25 ENs we interviewed for information on services provided by the ENs, as indicated in their request for proposal submissions and their annual periodic outcome reports. We also interviewed representatives of disability advocacy organizations, in addition to the ENs we interviewed, to gain their perspectives on the advantages and disadvantages of various service approaches used by ENs. To determine the distribution of ticket payments to ENs using certain service approaches in fiscal years 2007 and 2009, we categorized ENs based on the primary service approach they used. We also interviewed SSA officials to learn about SSA's efforts to compile and use information on trends in service provision. We did not assess the effectiveness of the different service approaches we identified being used by ENs in the Ticket program.

To analyze the policies and processes SSA has to evaluate employment networks and ticket holders, we compared SSA's and the SSA-contracted Ticket program manager's written policies and procedures over key ENs and ticket holder evaluation efforts to the Ticket program laws and regulations, and government internal control standards.¹⁴ We conducted in-depth interviews with OESP and the Ticket program manager staff

¹²We identified service approaches based on our review of case files, EN Web sites, and disability employment literature, as well as through interviews with representatives of disability rights advocacy organizations and SSA. We validated these service approaches through interviews with the 25 ENs.

¹³We did not independently verify services ENs reported providing in our interviews.

¹⁴GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

responsible for these key evaluation efforts, including the approval of ENs, ongoing evaluation of EN performance, and assessment of the timely progress of ticket holders who assign their tickets. To supplement our review of SSA's efforts to evaluate EN for approval and ongoing performance, we obtained a nongeneralizable sample of case files of approved, denied, and terminated ENs to review proof of qualifications submitted to SSA and for EN performance information. Specifically, we sampled files for: (1) 20 of the most recently approved ENs as of April 30, 2010, (2) 11 denied EN applicants, which constitute all applicants denied as of June 2010, (3) 17 ENs which had been put on notice by SSA of potential termination—some of which were subsequently terminated, and (4) 25 ENs comprising 20 ENs among those with the largest payment amounts made by SSA in fiscal years 2007 and 2009. Within this sample, in order to assess SSA's controls over approval determinations, we focused our review on the 38 case files for applicants approved and denied in fiscal years 2009 and 2010. We also interviewed ENs for their perspectives on SSA's performance expectations and their responsibilities regarding the timely progress of ticket holders. Finally, an investigator from our Forensic Audits and Investigative Service team contacted selected ENs, posing as a fictitious employer or relative of a ticket holder, to test for potential vulnerabilities in program management and oversight. The investigator phoned 16 ENs, including 9 from among the 25 we interviewed and 7 ENs we identified using the online EN service directory, interviews, and e-mail alerts. We judgmentally selected ENs who advertised paying a portion of the ticket payment to ticket holders or providing financial incentives to employers, or whose services were unclear. The investigator called 8 of the 16 to clarify services provided by the ENs. In five of the recordings or calls, the EN representatives discussed how work could affect benefits. In three of these, the EN representatives explicitly told the caller how to remain on benefits indefinitely while working. Although this is not generalizable across all ENs, it illustrates potential vulnerabilities in program management and oversight. Because of the program's goal of helping ticket holders obtain and retain employment and reduce dependence on disability benefits, for inclusion in our report we focused on those portions of these three phone calls in which an EN representative discussed how to remain on benefits. The full transcripts of the three calls are provided in appendix VII.

We conducted this performance audit from January 2010 to May 2011 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 that the evidence

obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Picture of a Ticket to Work

Social Security Administration

Ticket to Work and Self-Sufficiency

Ticket Number
123-456-7890-TWI

Claim Account Number 123-456-7890

Issue Date: March 12, 2007

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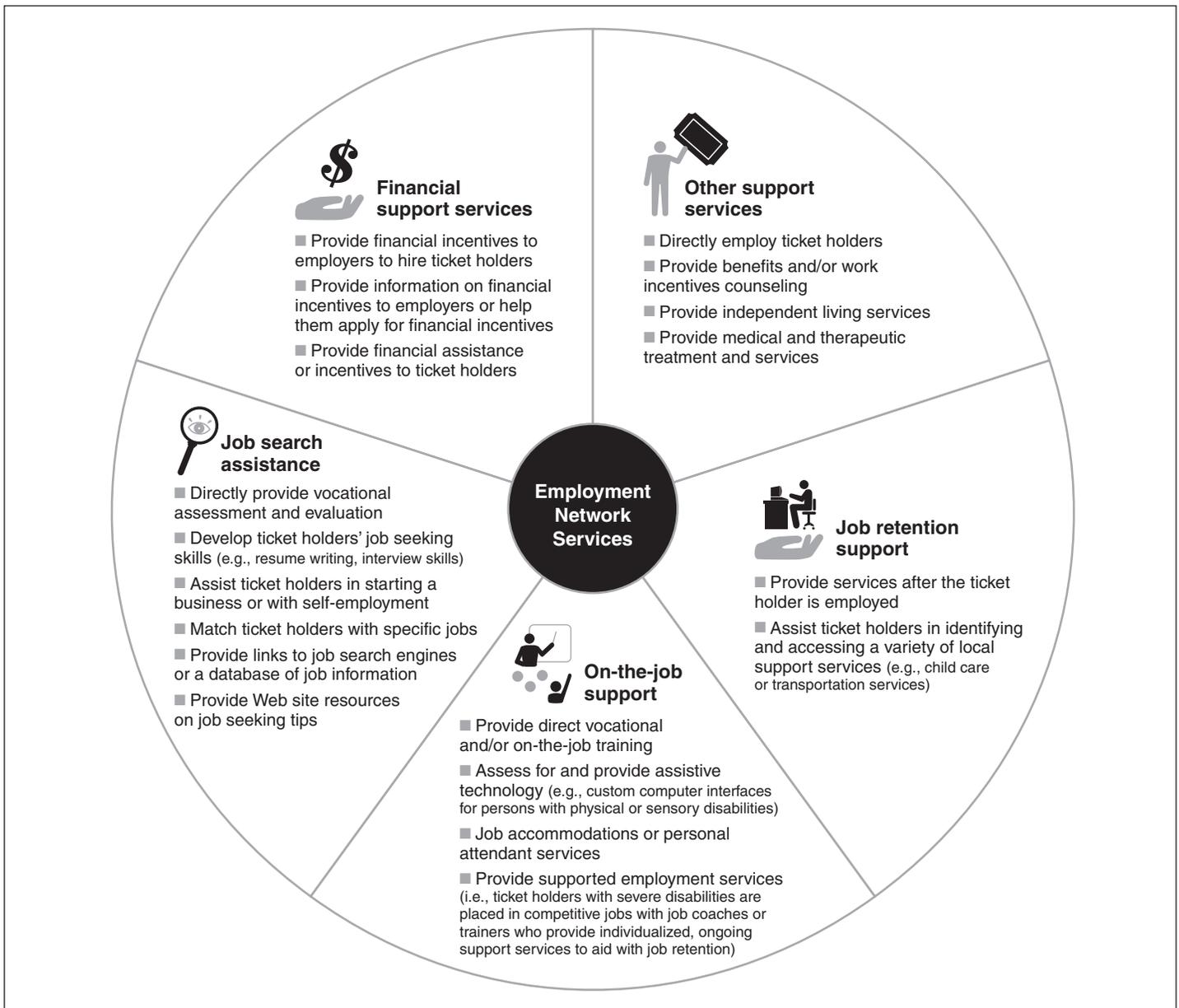
This ticket is issued to you by the Social Security Administration under the Ticket to Work and Self-Sufficiency Program. If you want help in returning to work or going to work for the first time, you may offer this ticket to an Employment Network of your choosing or take it to your State vocational rehabilitation agency for services. If you choose an Employment Network and it agrees to take your ticket, or if you choose your State agency and you qualify for services, these providers can offer you services to help you go to work.

An Employment Network provides the services at no cost to you. The Social Security Administration will pay the Employment Network if you assign your ticket to it, and the Employment Network helps you go to work and complies with other requirements of the Program. An Employment Network serving under the Program has agreed to abide by the rules and regulations of the Program under the terms of its agreement with the Social Security Administration for providing services under the Program. Your State agency can tell you about its rules for getting services.


Michael J. Astrue
Commissioner of Social Security

Source: SSA.

Appendix IV: Range of Services Provided by Interviewed Employment Networks in 2009 and 2010



Source: GAO analysis of EN interview responses.

Notes: Some services may apply to more than one service category. Some ENs reported providing additional services not included in this figure.

We conducted interviews with ENs in July through September 2010, and we asked ENs about services they provided to ticket holders within the last year.

Appendix V: Employment Networks Offer Services in Person, by Phone, and Online



▲ Thirteen of the 25 ENs we interviewed primarily provide services in person, like the EN pictured above.



▲ Nine of the 25 ENs interviewed, including the one pictured above, primarily provide services over the telephone.^a

Five of the 25 ENs we interviewed primarily interact with ticket holders online, including this one, which advertises work-from-home job openings on its Web site.^a▶



Sources: GAO photos and excerpt from EN Web site.

^aOne EN relies equally on phone and online interaction to deliver services.

Appendix VI: Timely Progress Requirements for Ticket Holders Participating in the Ticket Program

■ Ticket holders must meet minimum requirements in either the earnings, education, or training categories during each annual review^a

Timely progress review	After 12 months of ticket use	13-24 months of ticket use	25-36 months of ticket use	37-48 months of ticket use	49-60 months of ticket use	61-72 months of ticket use	73-84 months of ticket use and each year after
	First	Second	Third	Fourth	Fifth	Sixth	Seventh +
Earnings 	Trial work level 3 of 12 months at \$720/month ^b	Trial work level 6 of 12 months at \$720/month	Substantial gainful activity (SGA) level 9 of 12 months at \$1,000/month ^b	SGA level 9 of 12 months at \$1,000/month	SGA level with no cash benefits 6 of 12 months at \$1,000/month	SGA level with no cash benefits 6 of 12 months at \$1,000/month	SGA level with no cash benefits 6 of 12 months at \$1,000/month
Education 	Complete a high school diploma or GED Or complete 60% of full-time college course load for an academic year	Complete 75% of full-time college course load for an academic year	Complete a 2- or 4-year degree program Or complete an additional academic year of full-time study	Complete an additional academic year of full-time study	Complete an additional academic year of full-time study Or complete a 4-year degree program	Complete a 4-year degree program	(none)
Training 	Complete 60% of full-time course load for an academic year	Complete 75% of full-time course load for an academic year	Complete a 2-year program and earn degree or certificate	(none)	(none)	(none)	(none)

Source: GAO analysis of SSA's timely progress requirements for ticket holders.

^aIn the first four reviews, ticket holders can also meet minimum requirements by completing a combination of work, education, and training that totals 100 percent.

^bThe trial work level for 2010 is \$720 per month. SGA level for 2010 is \$1,000 per month, and \$1,640 for blind beneficiaries.

Appendix VII: Full Transcripts of Calls with Employment Networks on Working Without Losing Benefits Indefinitely

Of the 16 employment networks (EN) called by an investigator from our Forensic Audits and Investigative Service team, 8 were contacted to clarify the services they provide (see app. I for more information on our scope and methodology). In five of the recordings or calls, the EN representatives discussed how work could affect benefits. In three of these, the EN representatives explicitly told the caller how to remain on benefits indefinitely while working. Because the program's goal is to help ticket holders obtain and retain employment and reduce dependence on disability benefits, for inclusion in our report we focused on those portions of these three phone calls in which an EN representative discussed how to remain on benefits. The full transcripts of these three calls are provided below.

Call 1: Caller is a GAO investigator phoning EN on behalf of his fictitious brother who is a ticket holder, to learn about the Ticket program and services provided by the EN. The EN representative describes how the EN assists ticket holders in finding part-time employment and tells the caller a Social Security Disability Insurance (DI) ticket holder may collect full monthly benefits indefinitely as long as he remains under the substantial gainful activity (SGA) earnings level.

(Whereupon, an outgoing call was placed by the GAO Investigator to an EN representative.)

(Phone rings.)

EN REPRESENTATIVE: Good afternoon, (inaudible), (name) speaking. How may I help you?

GAO INVESTIGATOR: Yeah, hi, um uh, is this—what's—is this a company that helps disabled people?

EN REPRESENTATIVE: Yes.

GAO INVESTIGATOR: Okay. Uh, I want to talk to somebody, if I could, um, about, um—my brother is disabled, and I'm trying to help him. He's trying to find a job, and I want to see what kind of services your uh company provides.

EN REPRESENTATIVE: Okay. One second. What's your name?

GAO INVESTIGATOR: [Name].

EN REPRESENTATIVE: [Repeats name]? Hold on.

(20 second pause.)

EN REPRESENTATIVE 2: Hi, this is [name] from [inaudible]. How can I help you?

GAO INVESTIGATOR: Yeah, hi. I'm trying to get some information, if I could. My, my brother's disabled, and he—he wants to try to go back to work part time.

EN REPRESENTATIVE 2: Okay.

GAO INVESTIGATOR: And I'm trying to—

EN REPRESENTATIVE 2: Is he receiving SSI and SSD—or SSD?

GAO INVESTIGATOR: Yeah, he's receiving um SSD.

EN REPRESENTATIVE 2: Okay. So then he would qualify then. Because the program is called Ticket to Work program, and the program is for people that's getting SSI and SSD. So he would qualify and what would happen is they would look for part-time work for that individual, and he would keep half of the benefits. The benefits would not get cut off. So he would work part time, and then it would supplement the benefits. Um.

GAO INVESTIGATOR: Okay. Now, do you all help him find a job?

EN REPRESENTATIVE 2: Yes, we do.

GAO INVESTIGATOR: Okay. All right, all right. Well, that's good.

EN REPRESENTATIVE 2: Yes.

GAO INVESTIGATOR: And what other type of services do you guys provide?

EN REPRESENTATIVE 2: Um. They have um, direct—(name), are they still doing [inaudible] counseling?

EN REPRESENTATIVE 3: (off phone)

EN REPRESENTATIVE 2: Residential?

EN REPRESENTATIVE 3: (off phone)

EN REPRESENTATIVE 2: Okay.

EN REPRESENTATIVE 3: (off phone)

EN REPRESENTATIVE 2: Okay. Because the caller wants to know, like, if they have any additional services that they have. So, it's um residential counseling.

GAO INVESTIGATOR: Residential—what's that, residential counseling? What's that?

EN REPRESENTATIVE: Okay. Um. Residential counseling is um for people, they train you, you get certifications and everything, to work in—yeah, you work at a group home, residential areas, um.

EN REPRESENTATIVE 3: (off phone)

EN REPRESENTATIVE: Yes.

EN REPRESENTATIVE 3: (off phone)

EN REPRESENTATIVE: Yes.

EN REPRESENTATIVE 3: (off phone)

EN REPRESENTATIVE: Okay.

EN REPRESENTATIVE 3: (off phone)

GAO INVESTIGATOR: You're, you're talking to somebody else, I'm not hearing what they're saying.

EN REPRESENTATIVE: Oh, okay. Yes, the program entails where you could work in the group homes, residential areas. And um for like adolescents and stuff like that. That's for the residential training that they have. And then if he had—

GAO INVESTIGATOR: So they teach you—

EN REPRESENTATIVE: If he, if he had any prior work experience, what they'd do is they'd look for the jobs that they either have on their

resume, if they have one, or um they'll like set up whatever, set that interview up for him to get the job.

Because with most of the people that come in, they never had jobs before. You know, they've just, you know, been on disability. So, you know, we'll add additional things, and we have resume specialists here, we have the job developers.

This is pretty much a company that's dealing with people with disability. So in order for you to qualify for the Ticket to Work program, you have to be getting SSI and SSD. So.

GAO INVESTIGATOR: Mmm. Okay. And how much do you all charge for these services?

EN REPRESENTATIVE: This is free. This is free. This is funded by the government, so everything is free. So what he would—oh, okay. Hello?

GAO INVESTIGATOR: Yeah. You're saying it's free? I mean, you're not, I gotta think, you're not doing it for free. Do the payments go to you or something, and then—[inaudible]—

EN REPRESENTATIVE: Well, this is a government-funded program, so I don't—you, when you come in, you don't have to pay no fee. This is not a temp agency where you have to pay a fee.

GAO INVESTIGATOR: Okay.

EN REPRESENTATIVE: So this is a service where it's funded by the government, and it's services of—you know—to the community where they help people with disability find part-time work. Because if they—if you get any full-time work, then you know, they're gonna cut you off. So we're not offering you full-time work. We're helping you find part-time work.

GAO INVESTIGATOR: Mmm, okay. All right, yeah. Because that way he avoids getting his payment cut off?

EN REPRESENTATIVE: No, that's not going to happen. No.

GAO INVESTIGATOR: Okay, okay. Well, that's good. And, and what kinds of jobs are you talking about here?

EN REPRESENTATIVE: Well, they have maintenance, um, janitorial. They have, um, a list of jobs. Um, and like I was, right, like I was saying you to before, if he worked before, then they can help him on the jobs that he has on his resume.

GAO INVESTIGATOR: Okay.

EN REPRESENTATIVE: So if he did any kind of security or maintenance, whatever he would have on his resume, that's the type of job that he would—that they would find for him.

And also, he would have to let them know what he's looking for, too. Because they're here to help him—

GAO INVESTIGATOR: Oh, okay.

EN REPRESENTATIVE: So they—he has to give him an idea, or whoever comes with him would have to give the job developers an idea of what kind of work he's looking for.

GAO INVESTIGATOR: Okay. All right. And how does it—how do we get this started? Does he have to come in there, or can he just—you know he's—I'm trying to help him here a little bit, but—

EN REPRESENTATIVE: Yes. Yes.

GAO INVESTIGATOR: What's next?

EN REPRESENTATIVE: Okay. Yes. He can come in. The days for that is [gives days and times].

GAO INVESTIGATOR: Okay. And, and what happens at that time?

EN REPRESENTATIVE: When he comes in, he has to bring a resume if he has one. If he doesn't, it's not a problem. His Social and birth certificate, and that's it.

GAO INVESTIGATOR: Okay, okay. All right. And um—All right. So if he gets a job and he's working and all that, I assume that eventually his benefits will be cut off?

EN REPRESENTATIVE: No. No. They will not be [inaudible]—because this is the Ticket to Work program, so this is um not like uh real

employment. This is like we said, we deal with people with disability, so we get them part time work only, that—it would supplement. His benefits would be supplemented, but it would not get cut off.

GAO INVESTIGATOR: Okay.

EN REPRESENTATIVE: Now, if he's making enough money, or if he's working a full-time job where they're gonna you know—of course, they're gonna say "Okay, well you might not need assistance any more." But if it's, you know, part-time, and it's not too much money, and th-this is not full time, then yes, he would qualify.

GAO INVESTIGATOR: Okay. All right. So as long as he doesn't make too much money, he won't get cut off.

EN REPRESENTATIVE: Exactly.

GAO INVESTIGATOR: Okay. All right. Well, that sounds good. All right. So I have—

EN REPRESENTATIVE: Do you have the address here?

GAO INVESTIGATOR: Um, no, why don't you give that to me?

EN REPRESENTATIVE: Let me know when you're ready.

GAO INVESTIGATOR: Yeah, go ahead.

EN REPRESENTATIVE: Okay. The address is [gives address]

GAO INVESTIGATOR: [repeats address]?

[discussion about address and directions]

GAO INVESTIGATOR: Okay. All right. Good. Well, thank you very much. You've been real helpful.

EN REPRESENTATIVE: You're very welcome.

GAO INVESTIGATOR: All right. Bye-bye.

(Whereupon, the call was concluded.)

Call 2: Caller is a GAO investigator phoning EN on behalf of his fictitious brother who is a ticket holder to learn about the Ticket program and services provided by the EN. The EN representative describes how the EN assists ticket holders in finding employment and tells the caller that a DI ticket holder may collect full monthly benefits indefinitely as long as he remains under the SGA earnings level.

(Whereupon, an outgoing call was placed by the GAO Investigator to an EN representative.)

(Phone rings.)

EN REPRESENTATIVE: Ticket to Work, [name] speaking.

GAO INVESTIGATOR: Yeah, hi. This is [name of EN]?

EN REPRESENTATIVE: Yeah, absolutely.

GAO INVESTIGATOR: Um, okay. Listen, I'm calling—I got your number off the EN directory.

EN REPRESENTATIVE: Yeah, okay.

GAO INVESTIGATOR: I'm calling on behalf of my brother.

EN REPRESENTATIVE: Okay.

GAO INVESTIGATOR: He's disabled, and it looks like he's going to try to get back to work.

EN REPRESENTATIVE: Okay.

GAO INVESTIGATOR: So, um, I'm trying to figure out what you guys do.

EN REPRESENTATIVE: Um, well, let me ask you. Does he have any, uh, prior work history?

GAO INVESTIGATOR: Yeah, yeah. He's got experience working in, you know, office-type work.

EN REPRESENTATIVE: Oh, really?

GAO INVESTIGATOR: Administrative type stuff. Uh-huh.

EN REPRESENTATIVE: When's the last time that he worked?

GAO INVESTIGATOR: It's been like a year and a half, or so.

EN REPRESENTATIVE: Yeah, that's not a problem. Um.

GAO INVESTIGATOR: What kind of jobs—do you have those kind of jobs?

EN REPRESENTATIVE: Well, we don't have a magic hat, you know? What we're going to do—our position here is to, you know, work with our clients in—on a partner arrangement, to where we assist them, uh, in giving them job leads and helping them through the application process, and uh, help them through—you know—with interviewing, uh, tools and skills if they require that.

Um, but we don't—we're not in a position where we simply go out and just get jobs for people. We don't find that, uh, that it has a very high success rate, uh, simply because, um, because the individual that's getting the job, they're the one that has to perform.

And they have to follow through.

GAO INVESTIGATOR: Okay.

EN REPRESENTATIVE: You know—you know what I mean? So if—

GAO INVESTIGATOR: So what do you do? Like if he finds something, you help him—

EN REPRESENTATIVE: Well, what I will do is, we sign people on, and what I do is I go through and I create resumes for them, or update their current—or older resumes, help try to fill those gaps that are missing, so that they're—they look proper when their employer looks at it.

I help my clients do cover sheets to send out along with their resumes for, you know, job applications, and, uh, basically try to—and then I send them job leads all the time on an ongoing basis. So that's one that's really important, but it's also important that the client does it as well.

GAO INVESTIGATOR: Okay, right.

EN REPRESENTATIVE: So it's a partnership. I mean I need to see that the person is working with me, so that I know that, you know, my time that I'm investing in them, it's gonna pay off, not so much for me, but for them in the end.

Because it takes that individual to stay employed. I can't, you know, call them every morning and tell them to get up and go to work. And so they have to have initiative on their own.

And that's how I really determine, really how much effort that I'm putting into each client, is whether they're participating on their end as well.

GAO INVESTIGATOR: Okay, well, he's not lazy. He just was not physically able to—you know, he's got a heart condition. That's what the problem was.

EN REPRESENTATIVE: Oh, I see. He was not physically able to do what?

GAO INVESTIGATOR: Well, it was kind of just stressful for him, you know? I mean, you know, he gets—he just can't take a lot of stress, basically.

EN REPRESENTATIVE: Uh-huh. So as far as looking for jobs, or as far as maintaining jobs?

GAO INVESTIGATOR: Yeah, probably maintaining jobs.

EN REPRESENTATIVE: Uh-huh.

GAO INVESTIGATOR: But now what do you all charge for your services?

EN REPRESENTATIVE: Nothing. It's free. The services are free, so long as the individual is eligible for the Ticket to Work program.

GAO INVESTIGATOR: Yeah, he's got the ticket.

EN REPRESENTATIVE: Yeah, see, so. And if he's already got, you know, previous job skills, it's probably something that we'd be able to help

him with. But he needs to really, you know, determine, you know, to what degree he's able to work, or even wants to work. Because with any given situation, I mean, an employer's gonna want to see performance, plain and simple.

GAO INVESTIGATOR: Right.

EN REPRESENTATIVE: And if—and if the individual is not performing, then it's likely that they're going to lose their—that position.

GAO INVESTIGATOR: Right. He doesn't have to work full time, though?

EN REPRESENTATIVE: No, not at all. He can work part time. Um, but those—those jobs are—what—they're probably more difficult to find, just because most employers are looking to fill a position, as opposed to finding two people to fill a position.

GAO INVESTIGATOR: Mmhm.

EN REPRESENTATIVE: But there are part-time jobs out there. I have a lot of clients that come to me and say “You know what, I don't think I can work full time.” And so we just—we hit the dusty trail, and we just start hammering away, and looking until we find something that actually suits them.

And the big thing is, really is, you know, what type of work that they're looking to do. The clerical work, um, uh, I can find part-time clerical work, but in most cases it's going to be in an office environment, a medical environment, or, uh, like an intake environment, like bringing in new memberships, like at clubs and stuff.

And so all of those are going to have a certain degree of stress. I mean, no matter what. Because they're multitasking. They're having to greet people as they're coming in, they're having to answer the phone calls, they're having to file and input intake information.

So there's a certain degree of stress with any of them. The ones that you want to stay away from most certainly are the law firms. The law firms are just—they're chaotic. And I've had—I've placed people in those jobs before, and uh, and they don't normally pan out, especially with people that have, uh, any type of mental disability.

Um, it just gets way overwhelming for them. And it's not like they don't know how to do the work; it just becomes something that's so overwhelming that it just becomes a stressful situation.

GAO INVESTIGATOR: Yeah. I mean, it's not the mental part for him. It's more that the stress affects him. You know what I mean?

EN REPRESENTATIVE: Right, yes. So, and it does. Stress affects us both mentally and physically. And, uh, so what it would be is just a means of being able to take the time, you know, look around, and interview jobs as well as they interview you, and find something that, you know, your brother feels like he would be comfortable dealing.

And then all you can do is try it. And if it feels—if it works, then it does. And if not, then it doesn't. And the Ticket to Work program is kind of designed—what benefit is your brother collecting? SSDI or SSI?

GAO INVESTIGATOR: Disability.

EN REPRESENTATIVE: Oh, Disability. So, so you've got all the perks that go along with the Ticket to Work program. There's a—you can—you can earn up to \$1,000 a month, and it doesn't affect your benefit at all.

GAO INVESTIGATOR: Oh, wow. Okay.

EN REPRESENTATIVE: Yeah, so you can work basically any part-time job that's being offered, for you know, from 7.50, which is minimum wage, up to around \$10 or \$11 an hour working part-time, and you're not gonna exceed that.

GAO INVESTIGATOR: And how long—I mean, if he gets a job and continues to work, I mean will—eventually will he be off of the Ticket to Work program?

EN REPRESENTATIVE: No, no. It's an ongoing thing. I mean, he'll stay with us until he unassigns his ticket.

GAO INVESTIGATOR: Oh, wow.

EN REPRESENTATIVE: And what it is, basically, is—the Ticket to Work program is designed—I don't know if you're aware of continuing medical reviews?

GAO INVESTIGATOR: Yeah, right. I mean, periodically—

EN REPRESENTATIVE: Yeah, exactly. And those are one of the safeguards that—when you're under the Ticket to Work program, those are basically put on hold. So they're not subject to that anymore. And the service continues.

So say your brother goes to work, and then that particular job doesn't work out. Well, then he just calls (name) back up, and says "You know what, (name)? That one didn't work out," for, you know, whatever reasons. "I decided it just wasn't a good fit," or "It became too stressful," or whatever. Then we just start again.

GAO INVESTIGATOR: Mmhm. Yeah, but if he gets into a job that seems to work for him, and it's not too stressful and—I mean, he can just continue to do that indefinitely, huh? And still receive the benefits of both Ticket to Work and—and—disability?

EN REPRESENTATIVE: Exactly. Yeah. It's a win/win situation. What it basically is, is the ticket—it's like, if your brother had no prior work experience at all, they allow you like a trial work period, where it's 9 months and you can make as much as you want and it doesn't affect your benefit at all.

And then after that, then it starts to affect your SSDI. And if you—and they consider anything over \$1,000 a month substantial gainful activity. And if you were to go over that \$1,000 a month, they would take the cash benefit away from your brother.

And so my job is to—to look at what portions of the program are still available to your brother. He may have used those trial work months without ever knowing it. It goes from the date that he's eligible to receive the benefit, or the date that he's receiving the cash benefit. Any month that he worked over \$1,000—or over \$720 a month in gross income counts as one of those trial work months.

And those really aren't important so much like in your case, because your brother doesn't want to go to work full time. So it's not gonna be something that's applied. What's important for your brother to know is that right now, as of 2010, he can go out, work any job that he wants so long as he stays under the \$1,000 a month, he gets his cake and eat[s] it too. He gets the—he gets his wages, and he gets his full SSDI benefit, and the medical, and everything that goes along with it. And that

can—that can go from today until your brother retires, or whatever. You know what I mean?

GAO INVESTIGATOR: Mmhm.

EN REPRESENTATIVE: Nothing's gonna be affected.

GAO INVESTIGATOR: Okay.

EN REPRESENTATIVE: And that's what most people come to me for, they—they come to me and say "You know what? I don't want to lose my cash benefit. How do I do that?" And—and that's exactly how you do that.

SSI's a lot different than what the SSDI is, but the SSDI has all the benefits of, you know, being able to work up to that 1,000 a month and not affect anything.

GAO INVESTIGATOR: All right. So the problem really is, I mean, if he ended up working full time and making too much money, that's where the problem comes in, huh?

EN REPRESENTATIVE: Yeah, exactly. What ends up happening is that, you know, once he goes over the SGA, then Social Security looks at it and they go "Oh, hey, look. This guy's working at—now he's making \$1,500 a month, or \$2,000 a month."

They then look at that, and consider that self-sufficient in the eyes of the government. And—and then they will eliminate the cash benefit. But all of his medical and everything stays in place. That—that will continue, uh, I think it's like 93 months. It's like 8 years, I think it is, it continues.

And then at some point that would be affected, but that's only if he's working above the substantial activity, which is over \$1,000 a month.

But the—I think most—you know that, to get into this—either they're going to go full at it, and they're fully capable, physically and mentally, to go back into the work system full time and not worry about the SSDI, because they can make much more working full time.

Or they have the other disposition, whereas "I don't think I'm ever gonna wanna work full time. I just want something to supplement my benefit."

GAO INVESTIGATOR: I see. Okay.

EN REPRESENTATIVE: That's the two sides of the coin. That's basically the only two sides that are there. One is you're either satisfied supplementing, or you apply yourself to the point where you just simply get off of it and you're happy because you're making—how much is your brother's SSDI amount per month?

GAO INVESTIGATOR: Oh, man. I've got to check with him. I'm not even sure.

EN REPRESENTATIVE: Yeah.

GAO INVESTIGATOR: I mean, I'm helping him out, but you know, I don't know all his affairs, you know what I mean?

EN REPRESENTATIVE: Right—yeah, yeah. And the thing of that is, is people that are only getting—if you have—SSDI is based on work history. So if you've got a lot of work history, then it means you paid in a lot to Social Security, and that's what dictates what that cash benefit is from SSDI.

So, you know, I've got some people that come to me and they say "I'm collecting \$2,500 a month on SSDI." And I'm like "Why the Hell would you want to go to work?"

GAO INVESTIGATOR: Yeah.

EN REPRESENTATIVE: You know what I mean? Those are hard cases, because I have to go out and find that person a job that makes—that wants to go to work full time, that makes more than that \$2,500 a month. Otherwise it doesn't make any sense to get off the benefits.

Just like being on unemployment. If you're making, you know, you know, \$2,000 a month on unemployment and you can't find a job—full-time job that pays you more than that, what's the incentive to get off of it? Financially, it doesn't make any sense.

So those that are below, say, \$1,000 a month on that SSDI benefit, if they want to go to work full time it makes sense, because they can make \$3,000 a month or \$2,000 a month, and who cares about the 900? You're already 1,000 ahead of the game, plus you have your medical.

GAO INVESTIGATOR: Mmhm, mmhm.

EN REPRESENTATIVE: But those that are making you know, \$1,000, maybe \$1,500 or so on the cash benefit, and—and they're not able to work full time, then it benefits them just to work part time and supplement that SSDI, and be happy with that.

But then that's \$1,000 a month, or \$800 a month, or whatever, in your pocket every month, and not have it affect your benefit, you know?

GAO INVESTIGATOR: Mmhm, mmhm. All right. Well, sounds good. So the next thing for him to do for you all would be what?

EN REPRESENTATIVE: Um, uh. What I would want to see is really a detailed picture of what his past work history was. And, uh, what positions that he held, and for the lengths of time that he held.

GAO INVESTIGATOR: Uh-huh.

EN REPRESENTATIVE: And then to find out what his cash benefit is, so that we know what we're working with.

Um, and if he's interested in putting himself back to work part time, then I can take that—most of that information I can get over the phone, um, and kind of—kind of put together a little picture for myself of—of, you know, where your brother is on his benefit, and what his past work history and stuff is.

Then I can call and find out whether his ticket's available for assignment, which I'm sure it is. Has he gone to any DVRs [state vocational rehabilitation agencies], or any other employment networks at this point?

GAO INVESTIGATOR: No—no.

EN REPRESENTATIVE: Yeah. And how long has he been on the cash benefit, receiving the SSDI?

GAO INVESTIGATOR: Um, it's been maybe a couple years, maybe.

EN REPRESENTATIVE: Yeah, okay.

GAO INVESTIGATOR: Somewhere in that neighborhood.

EN REPRESENTATIVE: Yeah. And then if he's really interested in, you know, going out and finding himself a job, then, you know, I can schedule an appointment. He can come in, we can fill out the paperwork. There's only a few forms to fill out. Um, and then we can go ahead and start with preparing, you know, resumes and start the job searching process.

And it's basically just an ongoing thing. Every single day, I have a list of clients that are looking for employment. I go through probably 50 or so job sites that are offering employment, and try to match people up.

And at the same time, they're looking also, you know what I mean? To see what's out there. And I suggest that they do, just because I have people come to me and go "I want a job in data entry." And I go, "All right, but do you know how many of those jobs are out there and what they're looking for to fill those positions?"

And if they don't, then they get restless with me, and they go "Hey, how hard can it be?" Well, it's not hard. There's thousands of data-entry jobs out there. But each one of those data-entry jobs are looking for specific skills that they want to fill.

And some of my clients that want to do that, they want to be in a situation where they're not pressured, where they're not dealing with the public so much. Um, but those types of companies are like coding companies, and—like medical coding and billing companies. That's data entry. Well, you need to be certified to do that.

GAO INVESTIGATOR: Gotcha. Well, listen. Let me—let me have him give you a call.

EN REPRESENTATIVE: That would be perfect.

GAO INVESTIGATOR: I was just trying to kind of, you know, screen through some of these, because there's—

EN REPRESENTATIVE: Exactly.

GAO INVESTIGATOR: —got just a bunch of numbers off the directory. All right. Well, thanks very much. I appreciate it.

EN REPRESENTATIVE: You're very welcome.

GAO INVESTIGATOR: All right. Bye.

EN REPRESENTATIVE: Bye.

(Whereupon, the call was concluded.)

Call 3: EN's recorded outgoing message. The message states that DI ticket holders may collect full monthly benefits indefinitely as long as they remain under the SGA earnings level. Note: the recorded message provides outdated information on the SGA level. For 2010, individuals were considered engaged in SGA if they had earnings above \$1,000 per month or \$1,640 per month for blind beneficiaries.

(Whereupon, an outgoing call was placed by the GAO Investigator to an EN representative.)

(Phone rings.)

EN RECORDING: You have reached [EN name]. [EN name] is a non-profit organization authorized to work with Social Security beneficiaries under the Ticket to Work program. Our costs are covered by government funds. No fees are charged to individuals with disabilities. Please listen to all of our menu options, and then press the designated key. For information on the types of home-based jobs available through [EN name], press one. For information on how you can work part-time and continue to collect Social Security disability benefits, press two.

For information on the qualifications needed in order to hold an [name of EN] home-based job, press three. For information on the equipment you will need to work from home, press four. For information on how you can obtain training and equipment from your state vocational rehabilitation agency if you do not have the required skills or equipment, press five. For information on how to apply to [name of EN] for a home-based position, press six.

(Call redirected after pressing 2.)

EN RECORDING: About 70 percent of the home agents working through [EN name] receive Social Security benefits. Most receive SSDI, which means they are allowed to earn up to \$900 per month if they have a general disability and \$1,500 per month if they are blind. As long as SSDI recipients remain under those earning limits and their disability does not

improve, they can work part-time and continue to collect their full monthly SSDI check indefinitely.

For those receiving SSI, the rules are different. Those on SSI will lose approximately 50 cents of their SSI check for every dollar earned from a job.

More details are available on our Web site, [name of Web site]. I'll spell that. [name of Web site] To return to the main menu, press zero.

(Call redirected.)

EN RECORDING: You have reached [EN name]

(Call redirected.)

EN RECORDING: To apply for [name of EN]'s home-based jobs, you must go to our Web site, which is [name of Web site]. I'll spell that. [name of Web site] And complete an online application.

If you do not currently have a computer or Internet access, go to your local library or use a friend's system to apply. If you are given a job offer, chances are very good that your state VR agency will provide you with the tools you need to perform the work.

Again, the Web site for [name of EN] is [name of Web site]. To return to the main menu, press zero.

(Whereupon, the call was concluded.)

Appendix VIII: List of Employment Networks Interviewed For This Review

AATakeCharge Milestone, LLC
Adelante Development Center, Inc.
American Rehabilitation Corporation
ARG, LLC
Arizona Bridge to Independent Living
Asian Rehabilitation Service, Inc.
Bureau of Rehabilitation Services, Connecticut Department of Social Services
Bureau of Vocational Rehabilitation, Division of Career Technology and Adult Learning, New Hampshire Department of Education
Cerebral Palsy Research Foundation of Kansas, Inc.
Diagnostic Enterprises, Inc.
disABLEd WORKERS, LLC
Division of Vocational Rehabilitation, Vermont Agency of Human Services
Employment Options
Louisiana Rehabilitation Services, Louisiana Workforce Development, Louisiana Workforce Commission
National Telecommuting Institute, Inc.
Oklahoma Department of Rehabilitation Services
Relational DataSearch
Rewards for Working, Inc.
Service First of Northern California
TakeCharge Vocational Rehabilitation Services, LLC (AAA)
The Workplace CA
Ticket to Work Services, LLC
Tulare County Office of Education
Vocational Rehabilitation Services, Bureau of Rehabilitation Services, State of Indiana
Walgreen Co.

Appendix IX: Comments from the Social Security Administration



SOCIAL SECURITY

Office of the Commissioner

March 23, 2011

Mr. Daniel Bertoni
Director, Education, Workforce, and
Income Security Issues
United States Government Accountability Office
441 G. Street, NW
Washington, D.C. 20548

Dear Mr. Bertoni:

Thank you for the opportunity to review your draft report, "SOCIAL SECURITY DISABILITY: Ticket to Work Participation Has Increased, But Additional Oversight Needed" (GAO-11-324). Our response is enclosed.

If you have any questions, please contact me or have your staff contact Chris Molander, Senior Advisor, Audit Management and Liaison Staff, at (410) 965-7401.

Sincerely,


Dean S. Landis
Deputy Chief of Staff

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

COMMENTS ON THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO) DRAFT REPORT, "SOCIAL SECURITY DISABILITY: TICKET TO WORK PARTICIPATION HAS INCREASED, BUT ADDITIONAL OVERSIGHT NEEDED" (GAO-11-324)

Thank you for the opportunity to review the subject report. We offer the following responses to the recommendations:

Recommendation 1

Prioritize and carry through with a study of participating Ticket-holders' exits from the rolls since revisions to the program's regulations took effect in 2008.

Response

We disagree with this recommendation as worded. Since 2003, we have performed studies similar to the one proposed with assistance from Mathematica Policy Research, Inc. In correspondence provided during your study, we informed you that we had already planned to study the effects of the 2008 regulations on the TTW program. We provided a copy of that plan on February 17, 2011.

Please revise the recommendation to read:

"Continue your study of participating Ticket-holders' exits from the rolls since the revisions to the program's regulations took effect in 2008."

Recommendation 2

Adopt a strategy for compiling and using data on trends in employment network service provision to determine whether service approaches, such as sharing SSA ticket payments with Ticket-holders, are consistent with program goals of helping Ticket-holders find and retain employment and reduce dependency on benefits; for example, SSA could revise existing tools to compile information on service approaches used by all Employment Networks (ENs).

Response

We agree. We will require every EN to provide a business plan describing its service approach. We will include this requirement in the Request for Quotation (RFQ) that we post to Federal Business Opportunities (FedBizOps). We will cluster EN service approaches into categories and analyze each approach to assess whether it is consistent with program goals.

Recommendation 3

Develop a strategy to ensure on-time completion of timely progress reviews of Ticket-holders and take steps to ensure the accuracy of information used to make timely progress determinations.

Response

We disagree with this recommendation as worded. We already have a strategy in place. As the report acknowledged, in November 2010 we restarted timely progress reviews of Ticket-holders to ensure they are making progress towards self-sufficiency. In addition, each year we will review a random sample of beneficiaries' cases to ensure the accuracy and reliability of the information we compile when making timely progress review decisions.

Please revise the recommendation to read:

“Continue to address on-time completion of timely progress reviews of Ticket-holders and take steps to ensure the accuracy of information used to make timely progress determinations.”

Recommendation 4

Move forward to develop EN performance measures consistent with the requirement of the Ticket law.

Response

We agree. We have strengthened oversight of ENs by developing a performance measurement system to further assess whether ENs are meeting beneficiaries' needs. We will require remediation plans from ENs who do not meet defined standards. If ENs do not comply with standards, we will impose penalties, including contract terminations.

As part of this process, we will issue a performance report card to every EN. We are piloting the report card in California and plan nationwide implementation by the end of this calendar year.

Recommendation 5

Develop systematic mechanisms for reviewing the qualifications of prospective ENs. Specifically, SSA should expedite updates to its approval process to require that all prospective ENs submit a comprehensive business plan describing how their services will meet the program's purpose of helping Ticket-holders obtain and retain employment and reduce dependence on SSA disability benefits. SSA should also develop clear and specific criteria for SSA staff who review prospective ENs' qualifications.

Response

We agree. As we noted under Recommendation 2, we will require every EN to submit a business plan describing how it will assist beneficiaries in obtaining and retaining employment. The plan must describe how the EN will obtain beneficiary referrals; how, where, and by whom services will be provided; and other information regarding service delivery. We will also require the EN to submit any proposed changes to its business model.

3

Additionally, we will incorporate the new RFQ requirements into our existing contracting approval checklist. This checklist is part of the automated review system housed in our Comprehensive Work Opportunity Support Software. We will train staff to ensure we apply the new guidelines in a consistent manner and will conduct random audits to ensure staff compliance.

Appendix X: GAO Contact and Staff Acknowledgments

GAO Contact

Daniel Bertoni, (202) 512-7215 or bertonid@gao.gov

Staff Acknowledgments

Jeremy Cox, Assistant Director, and Cady S. Panetta, Analyst-in-Charge, managed this report and Kristen Jones made significant contributions to all aspects of the report. Other staff who made key contributions to the report include Wesley Sholtes and Margeaux Randolph. Luann Moy and Vanessa Taylor assisted with the methodology and data analysis. Craig Winslow provided legal assistance. Paul Desaulniers provided investigative assistance. Susan Aschoff and James Bennett helped prepare the final report and the graphics.

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