POLICY BRIEF

Navigating the Benefits Cliff

The Role of Benefit Eligibility In the Decision to Work and More for People With Disabilities in New York State

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NYSID Purchasing That Powers Employment

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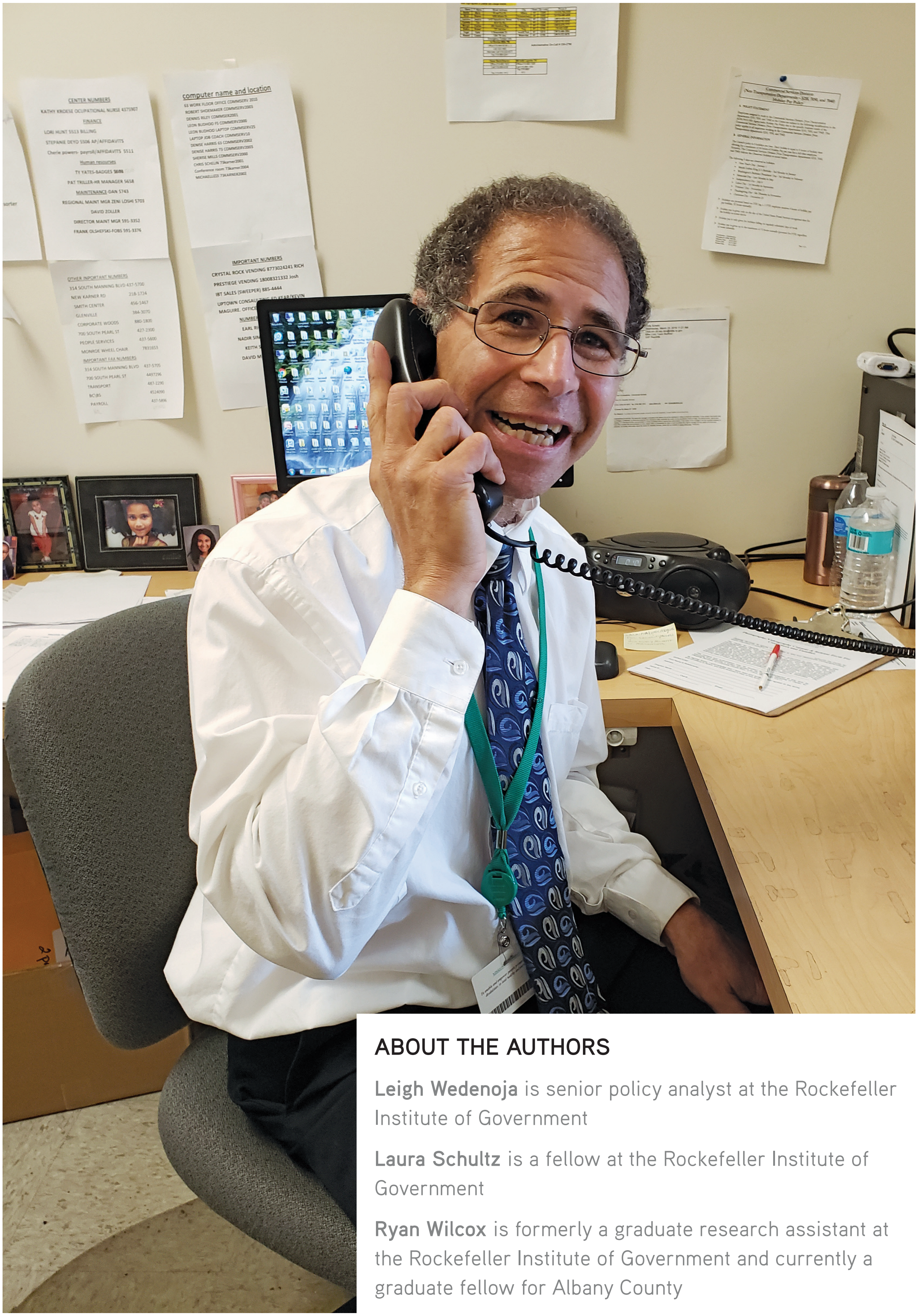

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NAVIGATING THE BENEFITS CLIFF

Introduction

People with disabilities face substantial barriers to employment and limitations in both the jobs they can take and the hours that they can work. Only two in five working-age adults with a disability participate in the labor force compared to four in five of those without a disability. Among those employed, only 62 percent work on a full-time basis compared to 75 percent of their peers without a disability. One under studied barrier to employment is benefits eligibility rules. Nearly 9.4 million working-age individuals with a disability receive cash payments through the Social Security Administration (SSA).[1] Those cash payments are in part means-tested, which means the higher a person's income, the lower the benefit to which they are entitled. For a person with a disability, the more they work, the lower those stable cash benefits will be. Eligibility for SSA cash benefits also allows recipients access to health insurance through Medicare or Medicaid, which is often crucial to people with disabilities navigating complex health conditions.

This brief discusses the role the social safety net and the benefits cliff plays in the employment decisions of people with disabilities. First, is a general overview of the social safety net and benefits cliff then a discussion of the employment status of people with disabilities in New York, including a working definition of disability and survey data on the employment of people with disabilities and their peers without disabilities. This is followed by an in-depth discussion of the main benefits available to people with disabilities: Supplemental Social Security Income (SSI) and Social

Security Disability Insurance (SSDI), including their eligibility rules and enrollment process. The discussion of benefits programs concludes by examining the relationship between SSI and SSDI with their associated health insurances: Medicaid for SSI and Medicare for SSDI and a discussion of other benefits commonly used by people with disabilities including the Earned Income Tax Credit (EITC), the Supplemental Nutritional Assistance Program (SNAP), the Section 8 Housing Choice Voucher (HCV), the Home Energy Assistance Program (HEAP), and the Weatherization Assistance Program (WAP).

The brief concludes with a discussion of three simplified theoretical examples of the tradeoffs an individual with disabilities may make when deciding whether to be employed and how much to work. The goal is to highlight the sometimes complicated intersection of different benefits and employment choices. There are separate examples of the intersection of employment with SSI and SSDI. The section explores three work arrangements in each case: not working at all, working at $15 per hour for 15 hours per week, and working at $20 per hour for 30 hours per week. The brief then concludes with a discussion of a potential policy research agenda.

The Social Safety Net and Benefits Cliff

The social safety net refers to the federal, state, and local programs and benefits that are designed to provide basic needs for vulnerable individuals and prevent them from living in poverty. The American social safety net consists of two major types of benefits—open-access benefits and means-tested benefits. Open-access benefits are the most common and include all publicly provided services that are open to all residents regardless of income and assets. The largest open-access benefits are public schools, which serve 49.5 million students per year; Social Security, which provides monthly retirement income for nearly 70 million seniors annually; and Medicare, which provides healthcare coverage to over 65 million people over the age of 65.

Policy discussions related to the social safety net often focus on means-tested benefits. These are programs limited to individuals and families that have demonstrated low income. In general, the lower the income a family has, the more benefits that they are entitled to. The four largest means-tested programs include: Medicaid which provides health insurance for lower-income individuals and individuals with a disability; the earned income tax credit (EITC), which provides a tax refund to lower-income working families; the supplemental nutritional assistance program (SNAP)—formerly referred to as food stamps—which provides food assistance; and supplemental security income (SSI), which provides income to people with disabilities. These programs generally provide more support the lower a family's income is. The Congressional Budget Office (CBO) expects federal spending on means-tested programs to pass spending on open-access programs by 2029.[2]

Many of these safety net programs—both means-tested and open-access—have requirements for eligibility beyond income. The amount of support received often depends on the recipient's family structure, including the number of dependent children, and some of these programs have age requirements, such as Medicare, or require that individuals participate in the program to be eligible like Social Security.

Lower-income families depend on the social safety net to provide for their families' basic needs and can face difficulty in navigating the different means-tested requirements of each support program. Families that increase their income may face the "benefits cliff." As income increases, the level of public assistance available to an individual declines. The result can be lower total resources for the family even with higher wage income.[3]

The benefits cliff may create disincentives for individuals to enter the labor force or increase work hours. To mitigate this cliff some benefits, like the EITC, have both phase-in and phase-out provisions, which prevent recipients from experiencing income shocks and incentivizes paid work.[4] At very low levels of family income, the assistance payments increase as families earn more, payments then plateau over a certain level of income and then gradually fall as wages continue to increase. Other programs, like SNAP, only have a phase-out where the higher the income, the lower benefits are until they reach zero. Some subsidy programs, however, have limited or no fade-out. For these programs, benefits dramatically fall once an individual passes an income threshold. Childcare subsidies, Section 8 housing choice vouchers, and other housing programs, as well as Medicaid and certain healthcare exchange subsidies, are available only for those under a set income—generally a percentage of the federal poverty line. Even in the case of programs without fade-out, there are often rules that preserve benefit access for a certain amount of time after an increase in earned income in order to incentivize work and smooth the transition of these programs.

Navigating the benefits landscape and avoiding the cliff can be difficult and confusing for families. Many households are enrolled in multiple programs with overlapping levels of eligibility and differences in the fade-out structure between different benefits.[5] For example, among Supplemental Security Income (SSI) recipients in the US in 2021, 59.6 percent received SNAP benefits, 19.5 percent received energy or heating assistance, 81.2 percent received Medicaid or CHIP, 47.1 percent received Medicare, and 24.1 percent received rent subsidies.[6] People who are both working and receiving benefits must achieve a delicate balance. Changes in the minimum wage, raises, bonuses, or unexpected overtime payments can all affect the type and amount of safety net income that families receive.

The benefits cliff creates a financial disincentive for people interested in working more. Recipients fear losing their benefits and not being able to be reapproved quickly if the longer hours or higher income turns out to be temporary.[7] Access to Medicaid, the Child Health Insurance Program (CHIP), subsidized housing, and subsidized childcare are the most fraught because they potentially provide services of greater value than that of the additional income of the families who become disqualified. Subsidized housing and childcare can also have long waitlists, so there is no guarantee that families can reestablish those benefits if they are needed again in the future. The specific eligibility and waitlist rules for these programs are discussed below.

While the benefits cliff is difficult for any household to navigate, it can be even more fraught for people with disabilities and their families. While much of the research on the benefits cliff is focused on supports for families with young children, adults with disabilities are also navigating complicated benefits eligibility rules when deciding whether and how much to work.

Understanding the eligibility requirements of a range of programs, assessing potential future income, and calculating the impacts on future financial and physical health requires complex analysis of multiple factors. Individuals must understand their future earnings potential and their ability to offset any lost monthly benefit payments. They must consider the source, cost, and quality of health coverage, which can be critical for people with complex medical cases. Individuals must also consider their likelihood of needing benefits in the future and requirements for and timeline of reenrollment. Ultimately, the decision to seek full-time employment and disenroll from benefits is a complex decision fraught with uncertainty. As a result, people with disabilities who want to work more may feel that they are unable to do so because it would compromise their benefits.

Employment of People With Disabilities in New York

Overlapping Definitions of Disability

There are two main definitions of disability at the federal level that impact the employment of people with disabilities across all states, including New York. The first definition comes from the Americans with Disabilities Act (ADA), which defines a person with a disability as one who

> "has a physical or mental impairment that substantially limits one or more major life activities, a person who has a history or record of such an impairment, or a person who is perceived by others as having such an impairment."[8]

To promote employment, the ADA requires that employers with 15 or more employees provide qualified individuals with disabilities equal access to employment and forbids disability-based discrimination in recruitment, hiring, promotions, firings, and all other aspects of employment. The employer must also provide reasonable accommodation for individuals with known disabilities who are otherwise qualified when those accommodations do not represent an undue hardship.

The second definition comes from the Social Security Administration (SSA) and focuses on the type of disabilities that limit earnings potential. The SSA definition can be considered a subset of the ADA definition as it focuses not only on the physical or mental disability itself but also on the impact the disability has on a person's ability to earn income. SSA defines a person as disabled if they

> "must not be able to engage in any substantial gainful activity (SGA) because of a medically determinable physical or mental impairment(s) that is either: expected to result in death [or] has lasted or is expected to last for a continuous period of at least 12 months."[9]

This definition determines eligibility for both Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI). Applicants' current earnings are determined during the application process for both programs. Individuals must prove they have a disability and submit associated paperwork.[10] They must also submit information on previous jobs and job duties as well as their educational attainment to show that their condition impacts their ability to work.[11]

SSA determines income eligibility and each state's Disability Determination Service (DDS) reviews medical records and conducts interviews.[12] In New York, this work is completed by the Office of Temporary and Disability Assistance's (OTDA) Division of Disability Determination.[13] Once an individual is determined to have a disability by their state's DDS, they become eligible to receive SSI and/or SSDI (if they also meet income requirements). A disability determination through DDS can also make an individual eligible for additional benefits including the New York State Medicaid program and the Medicaid Buy-In program for Working People with Disabilities (MBI-WPD).[14]

People with Disabilities in New York State

In 2019, there were 1.1 million working-age adults (18–64) in New York State who reported a disability representing 9.2 percent of that age group.[15] This is lower than the 10.5 percent national rate. The three most common types of disabilities are cognitive (4.8 percent), ambulatory (4.8 percent), and independent living (3.9 percent).[16]

People with disabilities generally have lower levels of formal education compared to the rest of the workforce. In New York, people with a disability are more than twice as likely to not have completed high school compared to their peers (22.7 percent compared to 10.2 percent). The lack of a high school degree can severely limit employment potential. According to the Bureau of Labor Statistics (BLS), only 23 percent of occupations require no formal education credential and those occupations have an annual salary of $30,487 compared to $45,765 for occupations that require a high school diploma or GED.

People with disabilities also have lower levels of labor force participation, higher unemployment rates, and lower wages than the general working-age population. In 2019, 81 percent of New Yorkers without a disability participated in the workforce compared to only 39 percent of those with disabilities. Of those who did participate in the labor force, 95 percent of New Yorkers without a disability were employed compared to only 86 percent of those with a disability. As of 2019, unemployment rates were nearly three times higher for people with disabilities (11.6 percent) compared to people without disabilities (4.1 percent).[17]

When people with disabilities do work, they are less likely to hold full-time jobs compared to other employed workers. In 2019, 75 percent of working New Yorkers without a disability worked full-time compared to only 62 percent of working New Yorkers with a disability. Workers with disabilities also earn less than other employees. The average annual salary for a full-time worker without a disability in New York is $69,155 equaling an hourly wage of $28. Workers with disabilities make on average $52,043 equaling an hourly wage of $25.50. On average, workers with a disability work three fewer hours per week and are more than twice as likely to have a very limited schedule of 15 hours or fewer per week (6.7 percent compared to 3.1 percent).

People with disabilities may face additional barriers to employment related to but not determined by their disability. New Yorkers with disabilities are more likely to live in group quarters, generally residential settings or group homes, than other New Yorkers (8 percent compared to 3 percent) and to rely on SNAP benefits (37 percent compared to 12 percent). They are also less likely to have access to tools necessary for the modern job search or remote work, including access to a phone, a computer, a smartphone, cellular data, and broadband.

TABLE 1. **Employment and Income for Working-Age People with Disabilities in New York State**

	Disability Status	
	No Disability	Has a Disability
Completed High School	89.80%	77.30%
Labor Force Participation	81%	39%
Unemployment Rate	5%	14%
Full-Time Employment Rate	75%	62%
Average Salary	$69,155	$52,043
Live in Group Quarters	3%	8%
Rely on SNAP Benefits	12%	37%
Poverty Rate	13%	29%

The Benefits Landscape: Benefits Limited to People with Disabilities

The two primary cash income supports that are available to people with disabilities are Supplemental Social Security Income (SSI) and Social Security Disability Insurance (SSDI). Both are administered by the Social Security Administration (SSA). In this section, we discuss the process of applying for these programs and their eligibility requirements.

Supplemental Social Security Income (SSI)

Supplemental Social Security Income (SSI) is a means-tested benefit, which provides monthly payments to individuals who are elderly or have a disability.[18] The program is funded by the federal government with some states, including New York, also paying an additional supplemental benefit. Individuals must be either over the age of 65 or disabled and meet income and asset limits set by the federal government to qualify for benefits.[19] Individuals do not have to have worked or contributed to a fund to be eligible for the program. SSI recipients with disabilities must meet the following financial criteria:

1. A monthly income below the federally defined level of substantial gainful activity (SGA)—$1,470 per month in 2023.[20] SGA is set yearly and does not vary by state.
2. Counted assets (money in the bank, investments, secondary residences) below $2,000 for individuals and $3,000 for couples.[21] Asset limits have been frozen since 1989 and do not vary by state.[22]

An individual's monthly SSI benefit is then equal to the sum of their federal and state benefit minus their counted earned and counted unearned income (as explained in further detail below). The maximum monthly wage a person with no unearned income can earn and still receive a monthly benefit is $1,912. While earnings are compared to SGA when an applicant initially files for SSI, people can still earn over SGA ($1,470 monthly) while receiving SSI and receive a reduced benefit ($221.50 if there is no unearned income).[23] In the event an individual's SSI benefit payments are stopped because they exceeded the earned income threshold, they can be restarted without an application if earnings change for the first 12 months following the end of benefits as part of expedited reinstatement.[24] The 12-month period gives people who expand their work hours or take a raise security in the event the new employment situation does not work out.

Applications for SSI are submitted to SSA and require substantial documentation, including a social security card or proof of eligibility, age documentation, proof of citizenship or noncitizen eligibility, proof of income, resources, living arrangements, and information on work history. This documentation is in addition to the medical, work, and educational history information required to determine disability status.[25]

If an individual is approved, they will receive SSI payments beginning one full month after their disability claim or the date they became eligible, whichever is later.[26] If the review process extends beyond the later of these dates, the individual is entitled to back payments. Continuing disability reviews (CDR) are conducted once every three years to confirm that the recipient is still medically and financially eligible. However, if it is unlikely an individual's condition will improve, SSA can reduce the frequency to every five to seven years.[27]

The maximum federal SSI payment in 2023, also called the Federal Benefits Rate (FBR), is $914 per month for individuals and $1,371 for couples.[28, 29] The rate is set annually, nationally, and does not take into account differences in cost of living across geographies. New York State provides an additional supplemental benefit. The supplemental benefit is $87 per month for those living alone and $23 for those living with others. Benefits will also differ for individuals living in congregate care or Title XIX institutions.[30]

SSI recipients with no other income receive the maximum benefit and the benefit amount decreases gradually as income increases. However, this amount is reduced if recipients have other sources of income. The amount of unearned income (social security retirement benefits, pensions, disability payments, unemployment, and Social Security Disability Insurance (SSDI) benefits) a recipient receives is totaled and reduced by $20 (the SSI general exclusion) to calculate the amount subtracted from the maximum benefit—otherwise referred to as the counted unearned income. Each dollar of unearned income reduces the monthly federal SSI benefit by $1. If an individual receives more than $934 in unearned income ($20 exemption + $914 maximum) they will not receive an SSI benefit for the month.

SSI benefits are also reduced by earned income (wages). The $20 general exclusion is applied to earned income in cases where an individual has no unearned income. The first $65 of earned income each month ($85 if the individual has no unearned income) is exempt and has no impact on benefits. Any additional earned income is divided by two to determine an individual's counted earned income. Therefore, each dollar earned through wages, reduces monthly benefits by $0.50.[31]

Calculating the Monthly SSI Benefit

Counted Unearned Income	Payments received from sources not directly related to employment. First $20 is exempt. Each $1 of unearned income reduces benefit by $1.
Counted Earned Income	Wages received from employment. First $65 received is exempt, $85 if there is no unearned income. Each $1 of earned income reduces benefit by $0.50.

Monthly Benefit

- Receives $300 in unearned income and $500 in wages.
- Unearned Income Adjustment = ($300 – $20 general exemption) * $1 = $280
- Earned Income Adjustment = ($500 – $65 earned income exemption) * $0.50 = $217.50
- Monthly Benefit = $914 – $280 – $217.50 = $416.50

- Earns $1,200 a month in wages. No unearned income.
- Earned Income Adjustment = $1,200 – $20 general exemption – $65 earned income exemption) * $0.50 = $557.50
- Monthly Benefit = $356.50

Social Security Disability Insurance (SSDI)

Social Security Disability Insurance (SSDI) provides monthly payments to individuals with disabilities earning under the substantial gainful activity (SGA) threshold.[32] Payments come from the Disability Insurance Trust Fund, part of the Social Security Trust Fund, which is funded by federal payroll taxes.[33] To be eligible to receive SSDI, individuals must be considered "insured" under the program, meaning they have contributed an adequate amount to Social Security in their lifetime. Insured status is based on work credits. In 2023, $1,640 in wages qualifies as one work credit, and an individual can earn up to four work credits per year. In general, SSDI eligibility requires 40 work credits, 20 of which must be earned in the 10 years prior to the onset of disability.[34] However, a prorated number of work credits are required for younger workers who become disabled.[35]

In addition to insured individuals with disabilities, adults whose disability began prior to age 22 can receive SSDI based on their parents' work history if their parents are retired, disabled, or deceased.[36] Surviving spouses can also receive benefits in certain circumstances if their spouse received SSDI benefits.[37] Finally, an SSDI recipient's dependent children and spouse can apply for family SSDI benefits. Individuals receiving family benefits are entitled to benefits up to 50 percent of the SSDI recipient's benefit and the total benefit a family may receive is typically between 150 percent and 180 percent of the SSDI recipient's benefit.[38] In December 2021, 533,426 New Yorkers received SSDI benefits averaging $1,407 per month. Four percent of the New Yorkers between the age of 16 and 64 received SSDI benefits.[39]

The SSDI application process is similar to that of SSI with the addition of proving insured status. However, unlike SSI, there is no limit on an individual's assets.[40] If it is determined that an applicant has a qualifying disability, there is a five-month waiting period before SSDI payments can begin. This waiting period begins on the date that an individual's disability is determined to have begun, meaning that an individual cannot receive SSDI until their sixth month of disability compared to at the onset of disability for SSI.[41]

SSDI benefits are calculated based on previous earnings and number of years worked. These benefits are then adjusted annually based on changes in the cost of living.[42] In general, the closer to retirement age a recipient is when they become disabled, the higher their payment will be and workers with disabilities will receive greater benefits than surviving spouses and adult children of the insured with disabilities.[43]

Unlike SSI, the monthly benefits received are not immediately affected by a recipient's earned income. SSDI recipients may participate in a trial work period that allows them to receive their SSDI benefits regardless of income. Benefits are reduced only after the recipient's ninth month of earning income over SGA during a 60-month window. Both SSDI and SSI recipients can participate in this Ticket to Work Program to help transition from benefits to wage income.

Ticket to Work Program

The Ticket to Work Program, administered by SSA, supports career development for individuals between 18 and 64 with disabilities receiving SSDI or SSI.[44] At the time of enrollment, participants receive a ticket that allows them to work with an Employment Network (EN) and Vocational Rehabilitation (VR) agency.

ENs are organizations or groups of organizations that have partnered with SSA to provide employment services to program participants.[45] ENs can provide employment directly or offer support services. Services offered by ENs include career counseling and guidance, job search or placement services, job coaching and training, job accommodation, and planning. These services are designed to assist an individual through the search for employment and onboarding. These services are provided at no charge to the ticketholder. Individuals are also protected from continuing disability reviews (CDRs) during their Ticket to Work process.[46]

Individuals work with a counselor to develop an Individual Work Plan (IWP) based on the individual's skills and interests and outlines a plan for the individual to find a job in their chosen field. Plans often include education goals such as a GED, high school diploma, bachelor's degree, or vocational training. Under the Ticket to Work Program, the goal of the IWP should be for the individual to eventually become financially self-supporting and transition off benefits. After nine months, it is expected that the participant will be earning $1,050 per month in 2023.[47] Discussions of IWPs also include explanations of how different levels of work will impact their benefits.[48] According to SSA, some ENs and VR agencies who partner with SSA will have benefits and work incentives counselors on staff to assist ticketholders.[49]

Over the course of an individual's Ticket to Work, they will undergo annual reviews to determine if an individual is making adequate and timely progress. If an individual demonstrates progress toward employment through earnings or educational attainment, they will be protected from the CDR for an additional year. However, an individual can continue to participate in the program even if they are found to not have made timely progress.[50]

Income Exceptions and Asset Protection Programs for SSI and SSDI

In addition to the standard income exceptions discussed above, there are additional programs intended to protect the income and assets people with disabilities use to support their work goals. The Plan to Achieve Self-Support (PASS) program exempts income and assets used to pay expenses related to an individual's stated work goals.[51] These goals must be specific, in writing, have a reasonable time frame, and the expenses must be necessary for achieving those goals. Goal-related expenses can include education, training and licensing, textbooks, childcare, employment services, business start-up equipment and supplies, and transportation. PASS can be used in conjunction with Ticket to Work.

Impairment-related work expenses (IRWE) are also excluded from the countable income used to determine SSI eligibility.[52] IRWEs must be items or services that enable a person to work, are required based on the person's physical or mental impairment, are paid for out of pocket rather than through reimbursement by Medicare, Medicaid, or other sources, and have a reasonable cost that reflects the standard in the community. IRWEs can include transportation, service animals, prosthetics, and other supports that enable work.

The determination of whether an individual's work meets the substantial gainful activity (SGA) threshold to transition off SSI and SSDI also depends on if an individual receives a subsidy or is subject to special conditions in their workplace. A subsidy is any support provided by the employer, that would result in the individual receiving more pay than the actual value of the services performed, and special conditions refer to a situation in which that support or job assistance comes from a third party that is not the employer—for example, a job coach.[53] A subsidy or special condition likely applies if an individual receives more supervision, has fewer or simpler tasks, is given longer paid breaks, or has a mentor/job coach performing some of their duties relative to other workers doing the same job for the same pay. Subsidies and special conditions do not affect the level of SSI payments but do affect whether the individual is determined to meet the SGA threshold.

In addition to programs that exempt certain types of earned income and assets from inclusion in the countable income that determines SSI and SSDI benefits, there are further programs that can protect an individual's assets from spending down when receiving SSI or SSDI. The Achieving a Better Life Experience (ABLE) Act of 2014 allows individuals who have a disability onset before age 26 to be the beneficiary of an ABLE account.[54] The assets in this account, up to the state contribution limit, do not count towards the $2,000 liquid asset limit for SSI recipients. ABLE accounts can only be used for qualifying expenses that result from an individual's disability, including education, food, housing, transportation, healthcare expenses, and any other expenses that improve health, independence, and quality of life. Special needs trusts (SNT) more broadly preserve asset eligibility for people with disabilities and pay for supplemental needs not covered by other programs.[55] These include first-party trusts, which are funded by assets that belong to the person with the disability, and third-party trusts, which are funded by the assets of another party—typically a family member. Pooled SNTs function in much the same way but are established and managed by a nonprofit for many different individuals (each of which have their own account), which can take advantage of administrative returns to scale.[56]

The Benefits Landscape: Health Benefits

Medicaid

Medicaid is one source of healthcare coverage for individuals with a disability and is administered by New York State's Department of Health (NYSDOH). Medicaid largely covers lower-income Americans. However, it also covers a substantial portion of people with disabilities who would not be eligible for Medicaid based on income alone. In New York, SSI recipients are categorically eligible for Medicaid and can begin receiving benefits one month after SSI payments begin.[57] Medicaid eligibility is tied to SSI enrollment but does not depend on individuals receiving SSI payments. Section 1619(b) of the Social Security Act allows SSI recipients who lose their SSI cash benefit due to higher levels of income and are still disabled to continue receiving Medicaid coverage if their gross earned income is below a designated threshold.[58] The gross earned income threshold is set by SSA and is based on the average income required to replace both SSI and Medicaid benefits in the recipient's state of residence. In New York, the threshold is set at $52,286 per year.[59] Section 1619(a) similarly maintains Medicaid eligibility for those who receive partial SSI cash benefits.

In addition to the gross earned income threshold, recipients cannot exceed the SSI resource (savings) level ($2,000 for individuals and $3,000 for couples) for over one year.[60] In cases where recipients exceed the income threshold or resource level for continued Medicaid coverage but are still disabled, they have the option to buy into New York's Medicaid Buy-In program for Working People with Disabilities (MBI-WPD). MBI-WPD allows earnings up to $73,932 per year for individuals and $99,636 for couples and resources up to $30,182 for individuals and $40,821 for couples. This program does require that recipients pay a premium based on their income. However, as of August 2023, there is currently a moratorium on premiums for individuals with disabilities, which was implemented to maintain and expand healthcare access during the COVID-19 pandemic.[61]

Medicare

Medicare is health insurance coverage, which is administered by the federal government for individuals over the age of 65, as well as those suffering from end-stage renal failure and some disabled individuals under 65.[62] Individuals receiving SSDI are automatically eligible for Medicare coverage 24 months after their SSDI payments begin. Given the initial five-month waiting period for SSDI once eligible, there is effectively a 29-month waiting period in total between the development of an individual's disability and their eligibility for Medicare. This leads some applicants to apply concurrently for SSDI and SSI in hopes of receiving Medicaid coverage through SSI during the waiting period.[63]

Once it begins, Medicare coverage continues as long as the individual continues receiving SSDI payments.[64] If an individual reenters the workforce and no longer receives payments, they continue to be eligible for Medicare coverage for at least an additional 93 months.[65] This allows an individual exiting the SSDI program a minimum of 8.5 years (sum of TWP and extended Medicare eligibility) of earning over SGA before losing their Medicare coverage.

The Benefits Landscape: Other Means-Tested Supports

Earned Income Tax Credit (EITC)

The Earned Income Tax Credit (EITC) is a means-tested program meant to aid households below certain Adjusted Gross Income (AGI) thresholds.[66] While the EITC is primarily intended to support families with dependent children, employed adults with sufficiently low wages can also qualify for the credit. Families with more children are eligible for higher EITC payments, given the same income, and have higher income limits to receive payments. Only individuals with earned (wage) income qualify for the EITC and SSI, and SSDI benefits do not qualify as earned income for EITC eligibility purposes. However, SSI and SSDI recipients who do pursue employment and earn wages could find themselves eligible for EITC.

The EITC has both a phase-in and phase-out period. At very low levels of income, earning more results in a higher EITC payment, and then payments fall again as income moves families out of eligibility. A single person loses eligibility for the EITC at $17,640 annual income.

New Yorkers are also able to claim a New York State Earned Income Tax Credit (NYS EITC), which is equal to 30 percent of their federal EITC minus any household tax credit (a smaller tax credit available in New York for low-income households).[67] In 2022, 31 million workers and families nationwide received EITCs averaging about $2,043,[68] and 1.7 million New Yorkers claimed federal EITCs totaling $3.4 billion and averaging $1,927.[69] In 2021 tax year, 1,145,102 New Yorkers claimed New York State EITCs totaling roughly $727,342,000 and averaging about $635 annually ($53 monthly).[70]

Supplemental Nutritional Assistance Program (SNAP)

SNAP is administered by New York State's Office of Temporary and Disability Assistance (OTDA) and provides funds to purchase food at authorized retail food stores. Program eligibility is based on household size and gross income, which includes earned income and benefits like SSI and SSDI.[71] In New York State, assets are not considered when determining eligibility for SNAP.[72] Households with earned income and those that include a person who is elderly or disabled have higher gross income thresholds. For example, an individual without a disability is eligible for SNAP with a gross income below $20,388. Individuals with disabilities would be eligible as long as their income does not exceed $27,180. In March 2023, roughly 15 percent of New Yorkers (1,712,143 households including 2,953,655 persons) received SNAP benefits. In the same month, SNAP payments in New York totaled $674,371,450, an average benefit of $394 per household.[73] Individuals with a disability are three times more likely to receive SNAP benefits than those without (37 percent vs. 12 percent).

Households can apply for SNAP online through mybenefits.ny.gov. They can also visit their local department of social services or mail their application to social services.[74] To complete the application, applicants need the following documents, if applicable: recent pay stubs, list of household resources, current rent/mortgage statement, current property tax bill, current homeowner's insurance bill, and Social Security card. Applicants must also complete a phone interview to verify the information provided in their application.

A household's SNAP benefit is calculated by reducing the maximum allowable benefit for their household size by 30 percent of their net income.[75] Net income is calculated by reducing gross income by several deductions, including 20 percent of earned income, dependent care expenses, legally owed child support payments, medical expenses, and shelter expenses. The program is designed so that as income increases, SNAP benefits gradually decrease to zero.

Section 8 Housing Choice Voucher (HCV)

The Section 8 Housing Choice Voucher (HCV) is administered by local public housing authorities (PHA) and funded and overseen by the US Department of Housing and Urban Development (HUD). The program provides low-income households with vouchers they can use to rent or purchase housing. Households are eligible for a Section 8 voucher if they meet household income criteria based on their household size and the area in which they wish to live. A household's gross annual income cannot exceed 50 percent of the median gross annual income for households of the same size in their area. In addition, vouchers are targeted to those who need them the most, PHAs are required to provide 75 percent of their available vouchers to households whose adjusted gross income (AGI) is less than 30 percent of the median for their area.[76] AGI includes wages as well as SSDI, SSI, and safety net benefits like SNAP. In January 2022, roughly 232,000 New Yorkers received Section 8 vouchers.[77] In 2023, for example, 30 percent of the median income in Albany, New York, for a family of four is $33,650 and 50 percent of the median income is $56,100.

PHAs have only a limited number of vouchers available based on federal funding appropriations, so applicants may be placed on a waiting list for a voucher.[78] A 2021 study found that only 10 percent of eligible households in the US received vouchers, while 15 percent received some other type of rental assistance, and 75 percent received no assistance. Eight percent of voucher applicants waited five years or more, and 75 percent waited between one and five years after applying to receive their voucher.[79]

The PHA informs the household what size dwelling, based on the number of bedrooms, they are permitted to rent with the voucher.[80] The level of assistance is calculated based on the amount generally needed to rent a "modestly priced" dwelling unit in the local housing market referred to as the payment standard. HCV recipients must pay 30 percent of their monthly adjusted gross income for rent and utilities. The maximum value of the voucher is equal to the difference between the payment standard and 30 percent of the monthly adjusted gross income. Recipients are responsible for any rent that is above the payment standard.[81]

Changes in income can impact program eligibility and/or the individual's voucher payment. After reporting a change in income, the local housing authority will determine if the individual is still eligible and then recalculate the individual's net rent and voucher payment based on HUD guidelines. As a result, individuals receiving HCVs must consider how employment changes will affect both their eligibility for the program and the net rent they are expected to pay each month. However, if a person was previously unemployed, 100 percent of their net increase in earned income upon beginning employment is "disregarded" in that it is not considered countable income when calculating the voucher payment.[82] After the first 12 months, 50 percent of this change in income is disregarded and after 24 months, all income is used to calculate the HCV and rent payment. It is important to note that the Earned Income Disregard (EID) can only be used once in a person's lifetime and only applies when a person was previously unemployed.

Similar to the PASS and IRWE programs discussed above in relation to SSI and SSDI, the Family Self Sufficiency (FSS) program is intended to support HUD-assisted families to increase their earned income by creating a five-year plan with intermediate and long-term employment, housing, and education goals.[83] These plans and related services can include childcare, transportation, job training, employment counseling, financial literacy, and other services through community providers. During the period of the FSS plan, any increase in earned income that would decrease HCV value is instead put into an interest-bearing escrow account. Once the family graduates from the program, they receive the value of the account to use for any purpose and the value of their HCV does not decrease during participation.

Home Energy Assistance Program (HEAP) and Weatherization Assistance Program (WAP)

The Home Energy Assistance Program (HEAP) is a means-tested support administered by New York State's Office of Temporary and Disability Assistance (OTDA). The program provides benefits to recipients to assist with the cost of home heating and/or cooling. The regular HEAP benefit is an annual payment for qualifying households who heat their home with electricity, natural gas, oil, coal, propane, wood/wood pellets, or corn. Eligibility is based on a household's gross monthly income and the income threshold increases with household size.[84] A household of one has a gross monthly income threshold of $2,852, while a household of four has a gross income threshold of $5,485. Gross monthly income includes SSI and SSDI payments but does not include SNAP payments.[85] SNAP and SSI recipients who live alone are also categorically eligible for the regular HEAP benefit. As of April 2023, 1,515,869 New Yorkers received nonemergency HEAP benefits totaling $322,091,875 and averaging roughly $212 ($18 monthly).[86]

People with disabilities in New York who receive SSI, SNAP, or HEAP benefits are automatically eligible for the Department of Energy's Weatherization Assistance Program (WAP).[87] The goal is to reduce energy costs by increasing the energy efficiency of homes. Benefits include an energy audit, repairs to heating and cooling systems, and identification of cracks and holes that result in heat or cooling loss among others.

Loss of SNAP benefits or SSI due to increased income will result in an individual losing their categorical eligibility for HEAP and WAP.[88] In addition, increases in earned income could push individuals' gross monthly income over the HEAP and WAP thresholds.

Navigating the Benefits Cliff

People with disabilities confront complicated decisions when choosing to start work, work more hours, or accept a raise. As discussed above, changes in income can impact eligibility for a range of programs households depend on. To demonstrate the impact employment has on benefits, we explore three hypothetical cases of people who are eligible for benefits based on a disability.

Case 1: John and SSI

Details of the Case:

- **Disability Status**: Intellectual and developmental disability with onset at birth
- **Age**: 25
- **Household Status**: Lives alone in Albany, New York, and has two living parents who are employed and live outside of John's household
- **Employment Status**: Currently unemployed, never worked
- **Benefits Status**: SSI, SNAP, Section 8 HCV, HEAP

At 25 years old, John has completed an alternative high school credential through his local public school's program for students with disabilities. He has no previous work experience and both of his parents are alive and employed. John lives alone in Albany and pays market rent ($900) for his efficiency apartment, which includes utilities. HUD determined fair market rent for an efficiency apartment in Albany in 2023 is $968.[89] He qualifies for SSI, SNAP, HEAP, and a housing voucher as detailed in the table below.

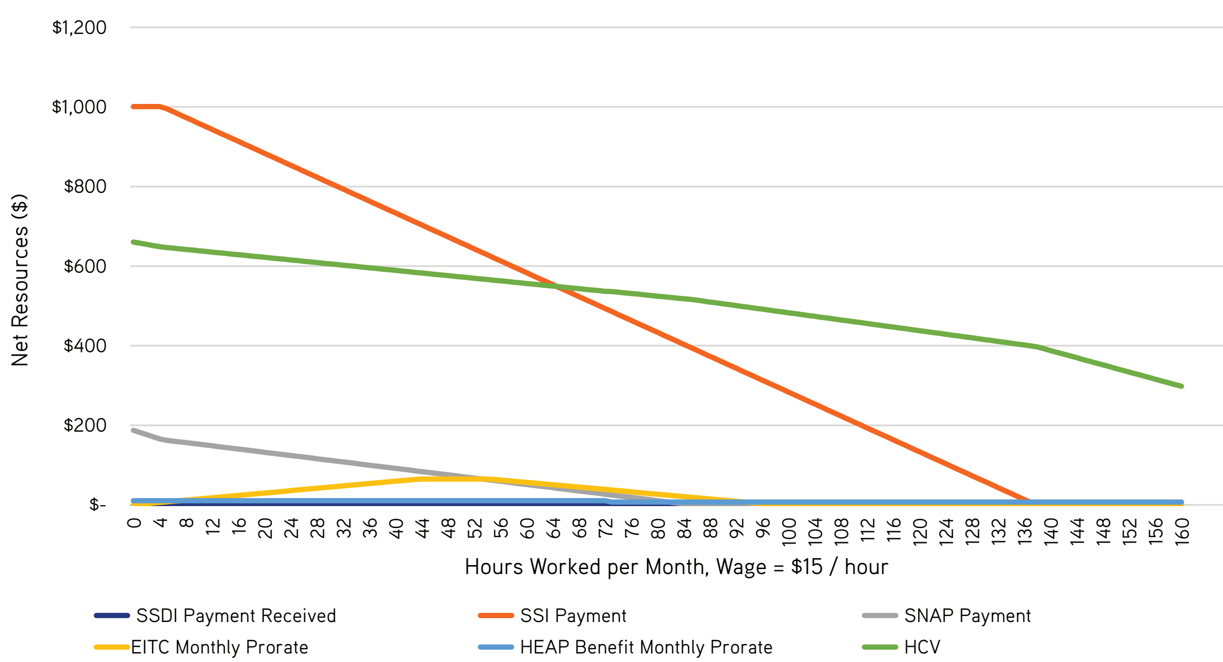
John accepts a position for 15 hours a week that pays $15 per hour, increasing his monthly income from $0 to $900. As Table 2 shows, John maintains his eligibility for SSI, SNAP, Section 8, and HEAP, but the total benefits he receives decreases by $607. Because he now has earned income, John is also eligible for the EITC ($57 a month). When accounting for his new employment income and the reduction in benefits, John's gross resources increase from $1,859 to $2,179 (17.2 percent). John essentially receives $5.33 in additional income for each hour worked.

If John accepts a promotion that increases his hours closer to full-time (30 hours per week) and a raise to $20 per hour, he will eventually lose his SSI benefit entirely after the trial period. While he still qualifies for other means-tested benefits as shown in the table, the level of those benefits decreases substantially. His total resources are now $2,705 per month, 89 percent of which is earned income. Working 30 hours per week at $20 per hour increased John's total resources by 45.5 percent compared to when he did not participate in the workforce. Because John has a disability that qualifies him for SSI, he stays eligible for Medicaid under 1619(b).[90] If John's gross income results entirely from earned income and his gross salary stays below $52,286, he maintains eligibility, meaning that in this scenario he still qualifies.

TABLE 2. **SSI Recipient's Income and Benefits**

Employment Situation	Not Participating in Workforce	15 Hours a Week for $15	30 Hours a Week at $20
Employment Earnings	$0.00	$900.00	$2,400
SSI	$1,001.00	$604.00	$0
SSDI	Not Eligible	Not Eligible	Not Eligible
SNAP	$187.00	$51.00	$0
Section 8 Voucher	$660.00	$556.00	$298
HEAP	$10.50	$10.50	$7.08
EITC	$0.00	$57.00	$0
Total Resources	$1,858.50	$2,178.50	$2,705
Health Insurance	Medicaid	Medicaid	Medicaid

FIGURE 1. **Benefits as Hours Worked Increase**



Case 2: Jane and SSDI

- **Disability Status**: Traumatic brain injury (TBI) sustained three years prior
- **Age**: 35
- **Household Status**: (a) Lives alone or (b) with two school-aged dependent children in Albany, New York
- **Employment Status**: Currently unemployed, before her injury, she was employed from age 18–32
- **Benefits Status**: SSDI, SNAP, Section 8 HCV, HEAP

From the ages of 18 to 32, Jane was employed full-time and contributed to social security through her payroll taxes. Due to her TBI, she was no longer able to work in her current position or similar employment. Jane is considered insured by SSDI and was approved for a monthly SSDI benefit of $1,056. She also qualifies for SNAP, HCV, and HEAP as detailed in Table 3. Jane lives alone in a rented one-bedroom apartment in Albany, New York, for $1,200 per month. Jane's monthly gross resources are $2,149.

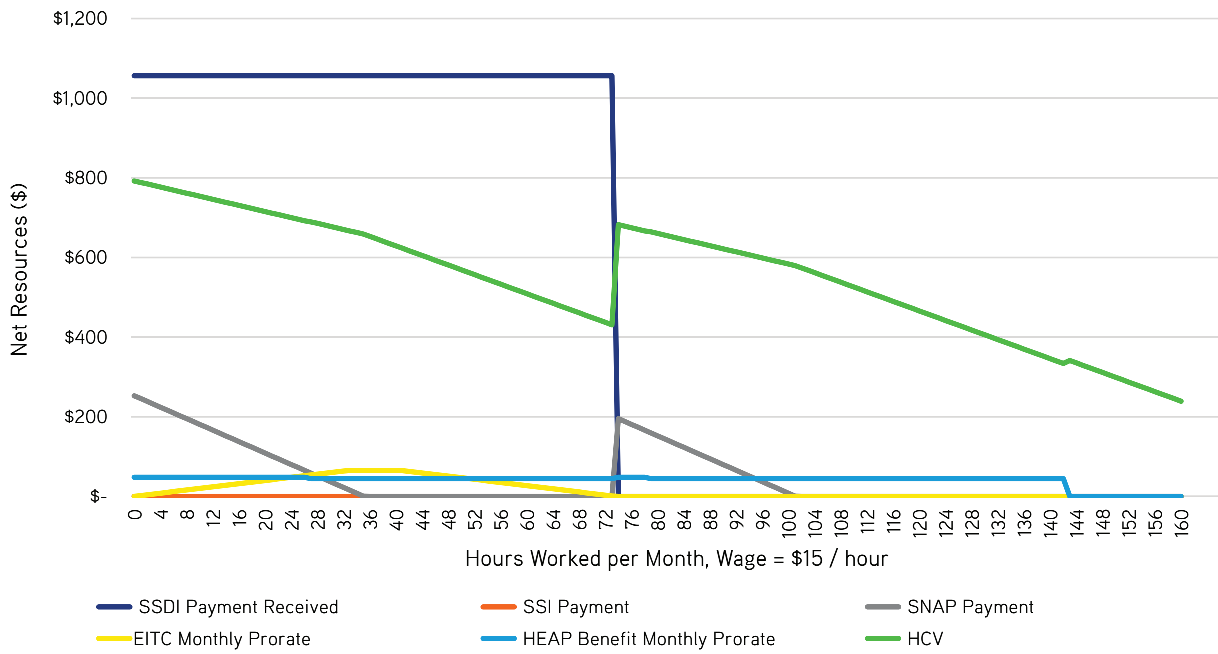
If Jane chooses to begin work, her monthly gross resources will increase. If Jane takes a 15-hour per week, $15 per hour position, she will have a monthly earned income of $900. Because this is below SGA, her SSDI benefits would be unaffected. Her other benefits would decrease with the new income as shown in the table. Overall, her gross resources are $2,657, or a 23.6 percent increase. Jane will receive $8.47 in total resources for each hour she works.

If Jane takes the 30-hour per week, $20 per hour promotion her income would be above SGA and she will lose her SSDI benefit at the end of the nine-month trial work period (TWP). Jane would also see decreases in her other benefits but would still have higher monthly resources than when she was not working and when she was working 15 hours per week. Jane's total resources are 35 percent higher working 30 hours per week compared to when she did not work. But total resources are only 9.6 percent higher than when she worked 15 hours a week for less money. Shifting from 15 to 30 hours a week only generates an additional $254, the equivalent of $4.23 per hour worked.

TABLE 3. **SSDI Recipient's Income and Benefits (No Children)**

Employment Situation	Not Participating in Workforce	15 Hours a Week for $15	30 Hours a Week at $20
Employment Earnings	$0.00	$900	$2,400
SSI	Not Eligible	Not Eligible	Not Eligible
SSDI	$1,056.00	$1,056.00	Not Eligible (post-trial work period)
SNAP	$253.00	$0.00	$0.00
Section 8 Voucher	$792.00	$599.00	$466.00
HEAP	$48.00	$45.00	$45.00
EITC	$0.00	$57.00	$0.00
Total Resources	$2,149.00	$2,657.00	$2,911.00
Health Insurance	Medicare	Medicare	Medicare

FIGURE 2. **Benefits as Hours Worked Increase**



Benefits with Children

Benefits also take into consideration the makeup of the household. For many programs, eligibility and benefits received are determined by the number of dependent children in the household. To demonstrate this impact, we reexamine the case of Jane but this time with two children.

With children, Jane qualifies for SSDI family benefits bringing her SSDI benefit to $1,585. Her other benefits are also higher (see Table 4): bringing her gross resources to $3,259 per month, which is 1.6 times the resources Jane would have as a single person.

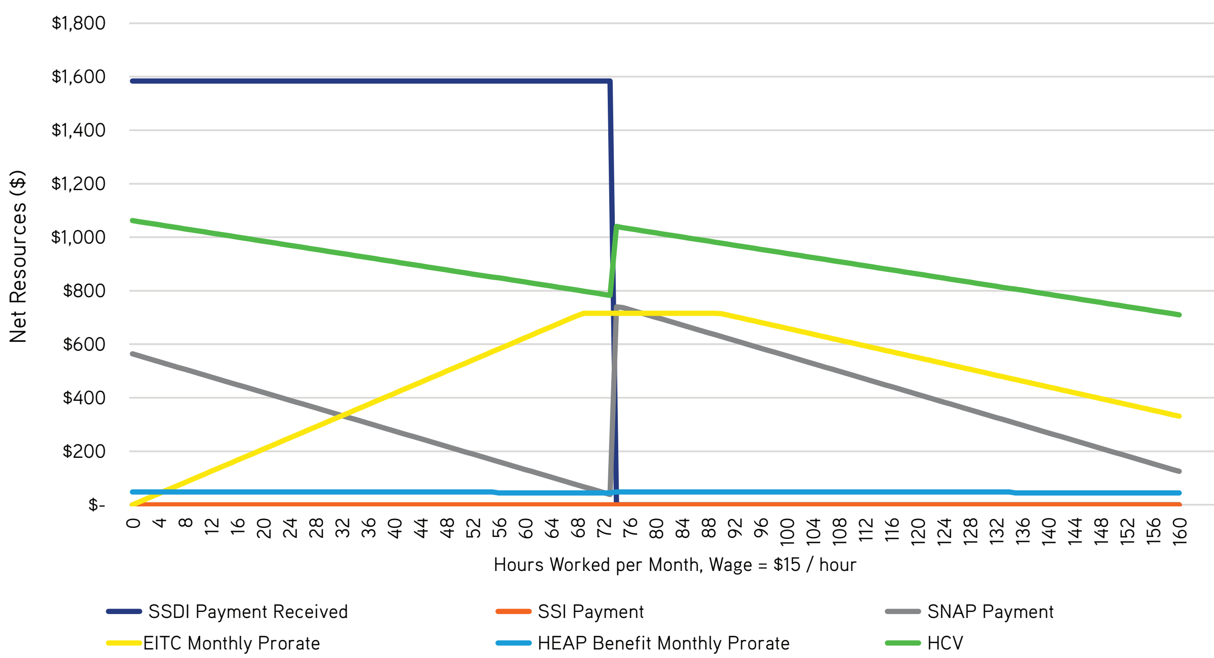
When she resumes work for 15 hours a week at a wage of $15, Jane's SSDI benefits will not change. Her family's other benefits will decrease based on her now higher earned income and she will also become eligible for the Earned Income Tax Credit (EITC). Just as in the case without children, Jane will lose her SSDI benefit entirely if she moves into a 30-hour per week job at $20 per hour after the nine-month trial work period.

If Jane has children, she also needs to provide health insurance for them because children are not covered by Medicare.[91] In New York, Jane's children qualify for Medicaid as long as her income is below $3,191 per month, and Child Health Plus with no premium for a monthly income below $4,600.[92] If Jane's income per month increases to the childcare subsidy eligibility limit of $6,215 per month, she would pay a premium of $60 per month ($30 per child) in order to insure her children through Child Health Plus. Her Child Health Plus premium will gradually increase as her income increases.

TABLE 4. SSDI Recipient's Income and Benefits: With Children

Employment Situation	Not Participating in Workforce	15 Hours a Week for $15	30 Hours a Week at $20
Employment Earnings	$0.00	$900.00	$2,400
SSI	Not Eligible	Not Eligible	Not Eligible
SSDI	$1,584.00	$1,584.00	Not Eligible
SNAP	$564.00	$240.00	$413.00
Section 8 Voucher	$1,062.00	$889.00	$863
HEAP	$48.00	$48.00	$48.00
EITC	$0.00	$468.00	$550.00
Total Resources	$3,259.00	$4,130.00	$4,274
Health Insurance	Medicare	Medicare	Medicare

FIGURE 3. **Benefits as Hours Worked Increase**



There are additional disincentives to work that are associated with having children. As discussed, there are additional social safety net resources for parents with dependent children, but the higher value of those resources means that losing SSDI benefits will hit the family even harder than it would an individual. It also highlights an additional consideration parents with disabilities face when deciding how much to work: childcare. Jane qualifies for subsidized childcare in New York if she earns below 300 percent of the federal poverty line ($6,215/month for a family of three), but that does not guarantee there are open spots available for her children and the amount of the subsidy is determined by each county. For Jane, moving to full-time could increase her expenses if she must also pay for childcare. The uncertainty of childcare is another reason why parents with disabilities may choose to not fully reenter the workforce.

Discussion

The three employment situations we discuss: not working, working 15 hours per week, and working 30 hours per week highlight the types of decisions that people on SSI and SSDI make when weighing work and benefits eligibility. At each step, total resources increase and the cases show that individuals will be better off working full-time compared to not working at all. There are a few caveats to that. There is a level of working over 15 hours a week but below 30 in which individuals on SSDI may be worse off working more compared to working less. The SSDI benefit does not have a fade-out like SSI, so once it is lost, a family may have lower total resources compared to working only 15 hours per week. At $15 per hour, this SSDI benefit loss happens at 25 hours per week. An individual who is worried about being able to maintain enough hours to replicate their total resources under SSDI may choose not to go above that hours threshold and risk benefits loss after the nine-month trial work period. For individuals on SSI only, there is no point at which total resources would be lower from working more.

The cases also highlight the importance of other benefits to the employment decision, specifically housing vouchers. As discussed above, housing vouchers often have a long waiting list and there are not enough vouchers for everyone that is eligible. Choosing to move into a higher earned income bracket beyond the 30-hour per week case would result in losing that benefit and there is no guarantee that a voucher would become available again if an individual cannot maintain their higher income. For people with children, working 30 hours or beyond 30 hours could mean paying for expensive childcare. Even though total resources have increased, costs could increase as well. Childcare vouchers, like housing vouchers, have higher demand than supply. In all three cases, individuals can maintain their health insurance—either Medicaid, Medicare, or Child Health Plus—in the transition to full-time work.

Moving Forward: A Policy Research Agenda

The discussion above illuminates the complex benefits eligibility rules that people with disabilities need to navigate when deciding whether and how much to work. At lower levels of income, beginning work or expanding hours results in higher monthly gross resources even as benefits payments decrease. At a certain level of income—the substantial gainful activity (SGA) threshold or another income threshold determined by SGA—individuals with disabilities must decide whether losing certain benefits entirely in exchange for higher earned income is "worth it." The cases above highlight the difference in decision-making for people whose primary cash benefit is SSI and those for whom it is SSDI. SSI has a more gradual fade-out structure compared to SSDI, which eliminates the benefit entirely once a person reaches SGA. However, for both SSI and SSDI, there is a time period of expedited reinstatement, where the person does not receive the benefit but retains their eligibility. Both groups are also able to maintain their health insurance—Medicare or Medicaid—while earning too much to be eligible for cash benefits.

The cases also describe some of the indirect barriers that may affect the decision to work or work more for people with disabilities. Those indirect barriers encompass everything other than direct eligibility and total resource concerns that affect employment decisions, including the difficulties of navigating benefits systems and fear over losing valuable benefits forever. These barriers fall into four categories: administrative burden, risk aversion, lack of available and accurate information, and a disconnect between federal standards for eligibility and the wages and cost of living in New York.

Administrative Burden

Administrative burden refers to the costs associated with applying for and maintaining access to government services for both the government itself and the person receiving the service.[93] The administrative burden of tax preparation is experienced by most Americans. Due to the complexity of the US tax code, many filers have difficulty navigating eligibility for tax credits and deductions without a professional tax preparer or tax preparation software. Both SSI and SSDI have high levels of administrative burden for both those applying for the benefit and maintaining it. Recipients who have earned income must report their monthly earnings to maintain their eligibility and any change in that income can affect the level of the benefit. Changes in benefit eligibility do not necessarily result in an immediate change in the benefit paid out, which could result in an overpayment that would need to be returned. Even when former SSI and SSDI recipients are in their expedited reenrollment period, the administrative process of resuming benefits can take multiple months. The overlapping requirements for different benefits and the fact that they are administered by different organizations also increases the administrative burden.

The Risk of Losing Eligibility

The high administrative burden of these programs for people with disabilities can also feed into a person's risk aversion or their unwillingness to take risks. SSI and SSDI are predictable, stable sources of income whereas earned income—especially for hourly employees—may be more unstable and depend on seasonality or availability of hours. People with disabilities who make the decision to work more hours or take a promotion need to consider both the new higher income and the probability that they will be able to maintain that income in the future. Benefits with limited availability or wait lists like Section 8 Housing Choice Vouchers (HCVs) and subsidized childcare exacerbate that risk aversion. Even if a higher income compensates for the loss of those benefits, there is no guarantee that an HCV or a subsidized childcare spot will be available in the future if the individual needs those benefits again. Individuals may also not be aware that the paperwork process of restarting or regaining benefits is generally easier than the initial enrollment process. After experiencing a difficult initial enrollment, individuals may be loath to risk experiencing that process again.

The desire to avoid risk is further heightened by a lack of accurate, available, and easily understood information on benefits availability and reinstatement. A common fear for all Americans whose employment status changes is “what happens to my health insurance?” Surveys have found that 16 percent of Americans stay in jobs they might otherwise leave in order to maintain their health insurance.[94] This concern is heightened for people with disabilities who receive Medicaid or Medicare through their SSI and SSDI benefits. Despite the continued eligibility for both programs after cash benefits end (as discussed earlier), many individuals likely do not know about these programs or fully understand how eligibility works because their initial eligibility was associated with the cash benefit. Highly trained benefits advisors can help people with disabilities and their families navigate these overlapping eligibility criteria and make resource-maximizing forward-looking decisions about employment.

Balancing Federal and State Employment and Eligibility Policies

Finally, there is a disconnect between the federal standards of eligibility and benefits levels and the reality of prevailing wages and the cost of living in New York State. As highlighted in Jane’s case (SSDI benefit and no dependent children), in order to maintain her SSDI benefit, she can only work 24 hours per week at $15 per hour, which is at or near the minimum wage in New York State. For states that use the federal minimum wage ($7.25 per hour), she would be able to work full-time and maintain her benefits. While it is reasonable to believe that some people with disabilities may not be expected to work full-time, there is evidence that people with intellectual disabilities have high levels of job satisfaction.[95] In terms of cost of living, the federal benefit standards for SSI and SSDI payments do not account for variations in the cost of living across geography. Housing vouchers are dependent on local cost of living but, as discussed earlier, there is a severe shortage of these vouchers.

Moving forward, addressing these four factors will be crucial in developing policies that will help individuals with disabilities and their families navigate the benefits cliff as they make crucial decisions about their employment and future financial planning.

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