

SOCIAL SECURITY WORK INCENTIVES AS A MEANS OF SUPPORT FOR STUDENTS WITH DISABILITIES IN POSTSECONDARY EDUCATION

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Students with Disabilities and Postsecondary Education

Many students will finance postsecondary and continuing education through employment. In addition to the financial benefits of employment during postsecondary education, students can gain valuable work experience, build their resume, expand their social network, and gain independence and confidence. Individuals with disabilities who receive Supplementary Security Income (SSI) may think that postsecondary education is beyond their reach because their SSI benefits do not provide them with enough income for living and medical expenses after the costs of education have been met. Part-time employment may not seem a viable option because earned income can result in a decrease in, or disqualification from, the receipt of SSI and related medical benefits.

However, there are ways that individuals with disabilities can finance postsecondary education and retain all or some of their SSI benefits. This is especially important given findings that approximately 27% of students with disabilities go on to postsecondary education as compared to 68% of students without disabilities (Blackorby and Wagner, 1996; Wittenburg, Fishman, Golden & Allen, 2000). Further, data shows that youth who participate in and complete postsecondary education or vocational training are more likely to secure employment than are those who do not (Benz, Doren and Yvanoff, 1998; Blackorby & Wagner; National Organization on Disabilities, 1998).

How Supplementary Security Income (SSI) Can Support Postsecondary Education

Tuition Waivers and Financial Aid

Given SSI is a means-tested program, recipients of SSI can take advantage of several incentives that exist under other state and federal programs. For example, most community colleges offer tuition waivers for students who meet certain financial requirements (e.g. Florida and Maryland to name two). In many states, youth who receive SSI are automatically entitled to tuition waivers as long as they meet entrance requirements. Further, most institutions of higher education offer financial aid packages that students with disabilities should be aware of.

It is important to remember that when accessing a tuition waiver, a student should make sure to understand the impact that a part-time job or participation in a work-study program may have on this benefit. In some cases, earnings may impact the amount of the SSI check received and inadvertently impact qualifying for the waiver.

While normally income that is earned while receiving SSI will reduce the amount of benefit that an individual receives, once that individual is enrolled in postsecondary

school or further education, some earnings from work-study programs or part-time employment can be excluded so that they do not impact SSI benefits. These exclusions are possible under several incentives administered by the Social Security Administration.

Impact of Earnings on SSI and Income Exclusions

The Social Security Administration allows students who are under age 22 and who regularly attend school, and who meet other criteria, to exclude up to \$1,320 of earned income per month (up to a total of \$5,340 per year). This is known as the **Student-Earned Income Exclusion**. Under this incentive, a student who meets SSA's eligibility criteria could earn up to \$5,340 a year and it will not effect the amount of SSI that they receive.

The Student-Earned Income Exclusion is applied prior to any other exclusions. It is applied only to earned income until the annual exclusion limit is either exhausted or the student is no longer eligible. When taking advantage of this income exclusion, a student must provide documentation of their attendance/participation in school and the amount of monthly earnings. An example illustrating the Student-Earned Income Exclusion follows:

Chris attends his local Community College and earns \$900 per month as a part-time librarian. Using the Student-Earned Income Exclusion, all of his monthly income for his first month of work will be "excluded" and will not impact his monthly SSI check. His second month's earned income will also be excluded as he is beneath the monthly allowable limits in 2002 of \$1,320 and has only used \$1,800 of his maximum allowed threshold of \$5,340. Chris can continue working at this level for the next three months without impacting his SSI. At the end of five months of work he will only have exhausted \$4,500 of his Student-Earned Income Exclusion for the year. However, in the sixth month he can only exclude \$840 of his \$900 monthly earnings as that will bring him to the annual limit of \$5,340. In months one through five of employment Chris will continue to receive a full SSI check.

Once the Student-Earned Income Exclusion is applied and exhausted on either a monthly or annual basis, there are additional income exclusions that may be applied if the student still has countable earned income. The Social Security Administration will also deduct an Earned Income Disregard of \$65.00 from any remaining countable income. The SSA also allows a \$20.00 General Income Exclusion, which can be applied to unearned income (i.e. Social Security Disability Insurance, monetary gifts), or if the student has no unearned income this can be applied to remaining countable earned income after the \$65.00 disregard. From the remaining countable earned income, SSA will only count half of that income, meaning that they will divide what earnings remain by half and then deduct that amount from the federal benefit rate allowed for that individual. Using the example of Chris:

In Chris' sixth month of employment he will only be able to exclude \$840 of his \$900 earnings—leaving countable earnings of \$60. From this remaining \$60 SSA will subtract the \$65 Earned Income Disregard, meaning that Chris will still have no countable income in his sixth month of work and will receive a full SSI check. However, Chris' seventh month of employment has a very different impact on Chris' benefit check. If Chris earns \$900 during the seventh month of employment, and is not in a new calendar year, no Student-Earned Income Exclusion will be available. This means that SSA will begin by deducting the \$65 Earned Income Disregard from the \$900 earnings, leaving countable earnings of \$835. As Chris has no unearned income, SSA will deduct the General Income Exclusion of \$20 leaving countable earned income of \$815. SSA will then divide the \$815 in half leaving countable earnings of \$407.50. This amount will be subtracted from the federal benefit rate. So if Chris is single and living alone in 2002, his normal monthly SSI check of \$545 will be reduced to \$137.50.

This example illustrates how the Student-Earned Income Exclusion can support the pursuit of postsecondary education by increasing monthly disposable income. If Chris simply attended school and did not work, during the seven months outlined above he would have had only \$3,815 of disposable income. However, by working and by being able to retain much of his SSI check, Chris has a disposable income of \$6,300 in earnings plus his SSI benefit of \$3,407.50, totaling \$9,707.50—a \$5,892.50 increase from collecting SSI benefits alone. Also note that as long as he is eligible for SSI, Chris is also eligible for the federal and state medical benefits that exist under this program.

Additional Work Incentives

The Social Security Administration provides several other work incentives that may support a student with a disability to pursue postsecondary education. **Impairment-Related Work Expense** allows a SSI recipient to be excluded from their countable earned income work expenses that are related to their disability. These work expenses must be impairment-related and paid for by the recipient. These expenses are excluded prior to dividing countable income in half as referenced in the example above, meaning that a person can only re-coup up to 50% of the amount of the actual expense. In addition, SSA also has a **Blind Work Expense** for individuals who are legally blind. Blind Work Expenses are deducted from countable earnings *after* the Social Security Administration divides earned income in half. This means that the recipient can re-coup up to 100% of work expenses paid out of pocket. Finally, the Social Security Administration administers the **Plan for Achieving Self-Support Program**, which allows eligible recipients to set aside certain income and resources that they need in order to reach a specific vocational objective.

More information about these and other work incentive provisions are outlined in the Social Security Administration's Redbook that can be found on-line at <http://www.ssa.gov/work>. The Benefits Planning, Assistance and Outreach Projects have also been established by the Social Security Administration to provide supports and information to SSI recipients and to SSDI beneficiaries seeking vocational goals and

employment. A listing of these centers across the United States is available at the Administration's website listed above.

Implications for Practitioners

Although it is evident that Social Security work incentives can assist postsecondary students with disabilities by allowing them to work and still retain all or some of their SSI benefits, many students may not be aware that these incentives exist. They may also be daunted or confused by the paperwork, reporting requirements and formulas that are required and applied in order to receive such incentives. In order for students with disabilities to truly benefit from receiving SSI while working and attending school, it is necessary to:

- Educate high school and postsecondary school guidance counselors, postsecondary student employment personnel, and disability service personnel about the benefits of and procedures for applying for SSI and related work incentives.
- Provide students with direct assistance with applying for SSI benefits, filling out PASS plans, etc.
- Offer career counseling personnel and programs that are geared specifically for postsecondary students with disabilities.
- Conduct outreach to postsecondary and local employers promoting the employment of students with disabilities.

References

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