



BOND Implementation and Evaluation

BOND Stage 1 Early Assessment Report

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Preface

Abt Associates, in partnership with 25 other organizations, is implementing and evaluating the Benefit Offset National Demonstration (BOND) under contract to the U.S. Social Security Administration. To ensure the objectivity of the evaluation, separate teams conduct the implementation and evaluation components of the project. The current report reflects exclusively the views of the evaluation team, led by Evaluation Co-Directors Stephen Bell of Abt Associates and David Stapleton of Mathematica Policy Research. These individuals have no role in implementing or overseeing the BOND intervention they are studying, nor do any members of their evaluation team. Separation of implementation and evaluation does not extend throughout the project, however. The Abt Project Director (Michelle Wood) and Principal Investigator (Howard Rolston) have joint responsibility for coordinating the implementation and evaluation efforts, including, respectively, managing the day-to-day operations of the project and overseeing the effective and efficient implementation of the BOND design. Within this structure, full authority over and responsibility for the content of all evaluation reports rests with the Evaluation Co-Directors.

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Acronyms Used in This Report

BODS	BOND Operations Data System
BOND	Benefit Offset National Demonstration
BOPD	Benefit Offset Pilot Demonstration
BPQY	Benefits Planning Query
BSAS	BOND Stand Alone System
BYA	BOND Yearly Amount
C1	Stage 1 control group member
CDR	Continuing Disability Review
EPE	Extended Period of Eligibility
ETO	Efforts to Outcomes
GP	Grace Period
IRS	Internal Revenue Service
IRWE	Impairment-related work expenses
OPDR	Office of Program Development and Research
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
SNAP	Supplemental Nutrition Assistance Program
T1	Stage 1 treatment group member
TTW	Ticket to Work
TWP	Trial Work Period
WIC	Work Incentives Counseling
WIPA	Work Incentives Planning and Assistance

1. Introduction

Administered by the U.S. Social Security Administration (SSA), Social Security Disability Insurance (SSDI) is the nation's primary earnings-replacement program for workers who become unable to work due to functional limitations caused by physical or mental health conditions. To qualify for SSDI benefits, an individual must have a substantial work history; must have a medically determined impairment that has lasted or is expected to last for at least 12 months or to result in death; and must be unable to engage in substantial gainful activity (SGA) because of that medical condition. SSA defines SGA as the ability to earn above a minimal amount—the SGA amount—in unsubsidized employment, net of allowable impairment-related work expenses (IRWE), or equivalent activity. The SGA amount is used in initial SSDI eligibility assessments and in ongoing eligibility assessments for those who attempt to return to work.

As part of the Ticket to Work and Work Incentives Improvement Act of 1999, Congress asked SSA to conduct the Benefit Offset National Demonstration (BOND) to test alternative SSDI work rules that attempt to increase the incentive for SSDI beneficiaries to return to work.¹ Under current rules, SSDI beneficiaries lose all benefits if they earn more than the monthly SGA amount for a sufficient period, which includes a nine-month Trial Work Period (TWP) and a three-month Grace Period (GP). The complete loss of benefits for earnings in excess of the SGA amount is often called the “cash cliff.” Following these same periods, treatment group beneficiaries under BOND will instead lose \$1 of benefits for every \$2 in earnings in excess of a BOND Yearly Amount (BYA), which is equal to 12 times the monthly SGA amount; this provision is known as the “BOND benefit offset.” This benefit offset replaces the cash cliff with a ramp along which benefits gradually decline as earnings increase; BOND also changes the accounting period for determining benefit amounts from a month to a year. Both changes are expected to increase the attractiveness of work for demonstration subjects. BOND is also offering participants Work Incentives Counseling (WIC) services, which are intended to be comparable to the counseling services that SSA offers to all beneficiaries through the Work Incentives Planning and Assistance (WIPA) program, except they are tailored to help the beneficiaries (1) fully comprehend the opportunities presented by the demonstration's benefit offset and (2) understand how these opportunities work.

The design for BOND reflects the key implementation lessons learned from the Benefit Offset Pilot Demonstration (BOPD), a four-state pilot test of the benefit offset conducted from 2005 through 2008. The findings from BOPD indicated that the application of the offset was initially confusing to beneficiaries and that administrative processes for the offset required substantial effort, were slow, and were somewhat error prone because these cases represented just a small fraction of the workload for the SSA staff involved.²

¹ BOND is part of a broader initiative to identify and implement new policies and services that have the potential to help SSDI beneficiaries increase their earnings and reduce their reliance on SSDI benefits, thereby lowering the program's total cost. For more information on other demonstration projects, see <http://www.ssa.gov/disabilityresearch/demos.htm> (accessed December 1, 2011).

² For a brief summary on BOPD findings and related studies, see <http://www.socialsecurity.gov/disabilityresearch/offsetpilot2.htm> (accessed February 7, 2012)

In response, the BOND demonstration includes several administrative features that are considered to be part of the innovations being tested. These include: adoption of an annual rather than monthly accounting period to determine the benefit amount; adoption of federal income tax rules for defining annual earnings; prospective estimation of annual earnings and IRWE, with end-of-the-year benefit reconciliation; a demonstration information system to facilitate and expedite earnings reporting; a centralized, largely automated system to effectuate benefit adjustments; a website and call center to help beneficiaries use BOND; and a change in Ticket to Work (TTW) payment rules to ensure that providers are willing to accept the tickets of beneficiaries assigned to the offset.

Implementation of many of these features required the *de novo* development of a significant infrastructure for BOND.³ To separate benefit administration for treatment subjects from that for other beneficiaries in essential ways and lessen the administrative burden for SSA operations staff, SSA hired a contractor to build and operate an infrastructure that is largely external to the agency. SSA built some components of the infrastructure internally, for both legal and practical reasons. SSA had to retain its adjudicative role in benefit adjustment and other key processes, including the mailing of benefit checks.

Abt Associates, in partnership with Mathematica Policy Research and several other subcontractors, is implementing the external components of the new infrastructure and working with SSA staff to ensure integration of external processes with those of the new internal infrastructure. A separate team from Abt and Mathematica is conducting the BOND evaluation. This document is the first evaluation report on implementation of the demonstration's Stage 1 activities. These activities are described in more detail below. Several subsequent reports are planned to provide annual updates on progress for Stage 1 activities through 2017. Two earlier reports provide important reference material about the schedule and anticipated outcomes from the demonstration: *BOND Implementation and Evaluation—Final Design Report* (Stapleton et al. 2010) and *BOND Implementation and Evaluation—Evaluation Analysis Plan* (Bell et al. 2011).⁴

1.1. BOND Stage 1 Implementation and Random Assignment

BOND includes two stages:

- Stage 1 is designed to examine how a national benefit offset provision would affect the SSDI population as a whole.⁵ The implementation includes a limited outreach effort and the administrative processes summarized above. The intent of the design is to mimic what outreach and benefit processing might look like in a national program.

³ See Stapleton et al. (2010) for more details on the relationship between the BOPD design and the BOND design.

⁴ The *Final Design Report* describes the BOND intervention components and the demonstration's design and timeline. It also provides an overview of the evaluation design. Full details of the evaluation design—including its conceptual foundation, data sources, analysis components (process, participation, impact, benefit-cost), and plans for reporting findings—appear in the *Evaluation Analysis Plan*.

⁵ The SSDI population includes some beneficiaries who also concurrently receive Supplemental Security Income (SSI).

- Stage 2 is designed to learn more about the impacts of the benefit offset for those most likely to use it (recruited and informed volunteers) and to determine the extent to which significant enhancements to the basic BOND-focused WIC services affect offset utilization and impacts.

BOND is being conducted in 10 large demonstration sites, each corresponding to the service area of one of 53 SSA Area Offices. Hence, the demonstration sites collectively include nearly one in five SSDI beneficiaries nationally. The 10 sites were selected at random from the 53 candidate areas to ensure that the evaluation's findings are nationally representative.

Eligible beneficiaries in the 10 sites were randomly assigned to a Stage 1 treatment group, a Stage 1 control group, or a solicitation pool to be recruited for Stage 2 (Exhibit 1-1).⁶ The BOND benefit offset rules and administrative procedures apply to those assigned to the Stage 1 treatment group, referred to as "T1 subjects." Beneficiaries assigned to the Stage 1 control group ("C1 subjects") have benefits subject to current law and administered via usual SSA processes. For completeness, Exhibit 1-1 also shows the Stage 2 random assignment process, although this report does not examine Stage 2.⁷

At each site, all current SSDI beneficiaries between ages 20 and 59 who receive benefits based on disability and who were not part of a different SSA demonstration were included in the BOND sample.⁸ Random assignment for Stage 1 occurred in early May 2011. One of the operational components of the new BOND infrastructure mailed outreach letters describing the demonstration and benefit offset to Stage 1 treatment subjects in batches from May through August 2011, with a final mailing sent in October for all initially returned mailings. SSA sent a follow-up letter notifying the subjects of the implications of the rule changes, as required by law.⁹

⁶ Three groups of beneficiaries were excluded from BOND: those over age 59, those under age 20, and those participating in other SSA demonstration projects. For more information on BOND eligibility, see Stapleton et al. (2010).

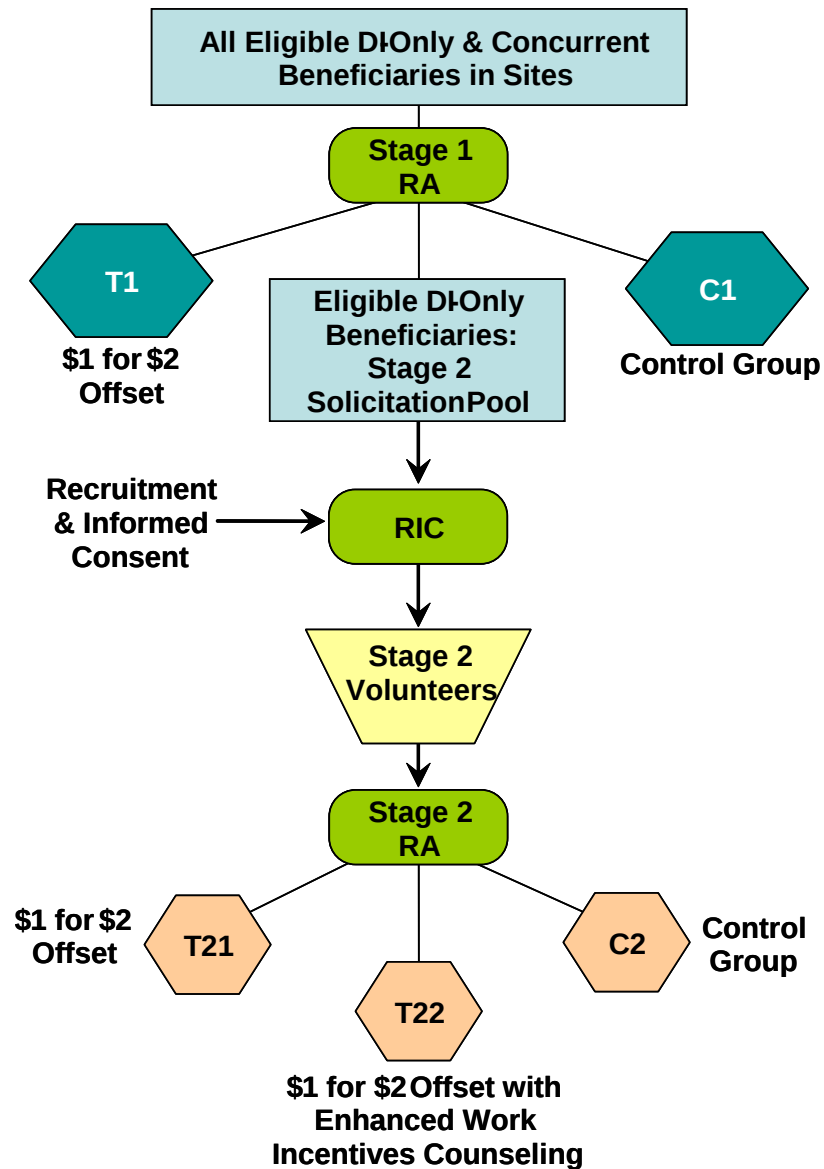
⁷ See Bell et al. (2011) for more details on random assignment, including the composition of the groups included in each stage and the anticipated outcomes for each group. Stage 2 implementation and outcomes will be assessed in future evaluation reports.

⁸ To be eligible for BOND, beneficiaries had to be eligible for SSDI as of March 2011. The age restriction is as of May 1, 2011.

⁹ Recruitment for Stage 2 is currently under way. An initial test of Stage 2 services started in March 2011 and was designed to examine procedures for conducting Stage 2 outreach, recruitment, enrollment, and service delivery. The full rollout of Stage 2 services started in June 2011.

Exhibit 1-1. Overview of BOND Random Assignment Process

BOND Sample Intake Flow



BOND treatment subjects can have the offset applied in one of two ways:

- **Front door:** T1 subjects can proactively engage with the BOND infrastructure to learn about BOND and take advantage of its procedures to expedite use of the offset. When beneficiaries take this route, they will receive support to facilitate their use of the offset, including receiving additional information about the offset beyond that contained in the notification letters, expedited processing of earnings information—and, ultimately, of the offset. Beneficiaries who are ready to use the offset submit an estimate of earnings for the rest of the calendar year; SSA then adjusts their benefits prospectively as well as makes any retroactive adjustments that might be necessary. The intent of this process is to minimize retroactive benefit adjustments and to help T1 subjects understand the implications of the new rules for the effect of earnings on their benefits. T1 subjects might initially approach the BOND infrastructure in response to one or both outreach letters. If instead they contact an SSA field office first about the demonstration, the notification letters, or earnings reporting, the field office employees are to direct them to the BOND infrastructure so that information and processes can proceed.
- **Back door:** Alternatively, T1 subjects may bypass the BOND infrastructure entirely and enter the BOND project when SSA determines that a Work Continuing Disability Review (CDR) is needed (by reviewing administrative data on TWP status) or does its annual earnings reconciliation to Internal Revenue Service (IRS) data between March and August of the following year.

The extent to which T1 subjects initially use the external infrastructure has important implications for the possible effects of the BOND intervention. Those who enter the offset through the front door may use the new rules more effectively than would be the case if they had entered via the back door. For instance, they may better understand the implications of the offset for their benefits and consequently make more advantageous decisions about work. It also seems likely that they will experience fewer and smaller underpayments and overpayments than if they had entered via the back door.

Those who enter the offset retroactively through the back door might learn about the benefits of using the external infrastructure once they do enter. This may cause them to take advantage of the external infrastructure thereafter, but even once they begin receiving the offset they will not be required to do so.

1.2. Framework for the Early Assessment of Stage 1

Stage 1 of BOND was designed as a random assignment evaluation of the impacts of replacing current law SSDI rules with the benefit offset rules, as specified and administered under BOND, on earnings, benefit payments, and other outcomes. Because BOND's T1 subjects will be able to keep more of their total income (benefits and earnings) than comparable C1 subjects, economic theory predicts that more T1 subjects will engage in SGA and experience reductions in benefits (but increases in total income gains) because of work. The same theory predicts that some of the T1 subjects who would give up their benefits entirely for work under current law (by consistently earning above SGA) will continue to receive a partial benefit for the same earnings. Some of these beneficiaries might reduce their earnings because of the offset, but not to below the SGA level. One reason is that the supplemental income from the partial benefit might reduce the value of an extra dollar of earnings (the "income effect"). The second reason is that under the offset a beneficiary engaged in SGA gives up just \$1 in income for every \$2 reduction in earnings, whereas under current law the beneficiary gives up \$2 (the "substitution effect").

The logic model outlined in the *Final Design Report* envisions that behavioral changes would be achieved through the following steps:¹⁰

1. **Random Assignment:** Beneficiaries in the demonstration sites are randomly assigned to treatment and control groups.
2. **Outreach:** T1 subjects are notified of the change in the benefit structure and informed that BOND services are available to help them understand and use the new benefit structure to their own advantage. Local offices of agencies and organizations that serve beneficiaries are made familiar with BOND through demonstration outreach efforts and encourage T1 subjects to take advantage of the opportunity.
3. **Delivery of BOND Services:** At their option, T1 subjects would contact the external BOND infrastructure. For those ready to enter the offset, BOND staff and SSA expeditiously complete the administrative work necessary. Those needing to complete the TWP or start engaging in SGA before entering the offset learn about their status, receive advice, and stay in touch with the demonstration as they make progress.
4. **Employment Response.** T1 subjects who would not otherwise work or earn enough to leave SSDI will choose to work and earn more given that they can keep more of their SSDI benefits when doing so.
5. **Other Behavioral and Outcome Changes.** Other outcomes of importance to SSA, the beneficiaries, and society are altered, including SSDI Trust Fund costs, employment services utilized, and—potentially—beneficiary and family well-being in the health, social, and economic realms.

This report provides information on the first three of these steps and assesses whether the early implementation of BOND matches the procedures outlined in the *Final Design Report*.¹¹ Our assessment relies on (1) administrative data from SSA on beneficiary characteristics, (2) demonstration data on services provided, and (3) qualitative data collected during phone calls and visits to all 10 sites and discussions with the BOND team.

Random assignment (Step 1) took place before the mailing of letters to T1 subjects, which were sent in batches from May through August 2011 (Step 2).¹² We report on the extent to which treatment subjects have responded by using BOND services as of October 31, 2011, and compare that response to our projections of how many might ultimately have the offset applied to their 2011 benefits (Step 3).

¹⁰ See Chapter 2 of Stapleton et al. (2011).

¹¹ The remaining steps will be examined—and the initial steps revisited—in future evaluation reports described in Bell et al. (2011).

¹² The initial random assignment of cases began in December 2010, followed by the final random assignment of cases in March after the file was refreshed. SSA started an initial file to begin working on a tentative list of cases that might require work continuing disability reviews (described in more detail below). The March refresh incorporated changes to the eligible population between December and March, just prior to the sending of the mailings.

1.3. Highlights of the Assessment

The findings indicate that SSA and the BOND team set up the infrastructure to support Steps 1 through 3 on time and as envisioned in the *Final Design Report*. The demonstration successfully implemented Stage 1 random assignment (Step 1), and the small differences in the characteristics of the T1 and C1 groups can be readily explained by chance. The mailings (Step 2) proceeded on schedule. All of the initial letters were sent to T1 subjects and less than 1 percent of letters were ultimately returned as not delivered.¹³

The findings concerning delivery of BOND services (Step 3) are mixed. The components of the infrastructure for delivering Stage 1 services were in place and generally fully staffed during this initial period. However, our qualitative findings indicate that they were not functioning as well as intended during this early period. A major challenge was developing an infrastructure to replace many of the existing functions for the SSA local field offices, such as tracking work activity. These challenges included building a secure data system to house the SSA administrative data needed for BOND operations and establishing an alternative system for tracking and reporting beneficiary earnings. We identified several factors that impaired functionality for Stage 1 services detailed later in this report: inexperienced staff, training limitations, functional problems with the demonstration's management information system, staff turnover, and the priority to use scarce resources for enrollment of Stage 2 subjects rather than processing of earnings reports and work CDRs. These factors reflect both the growing pains of developing a complex infrastructure involving multiple organizations that must collaborate to provide BOND services and the need to allocate project resources across sites and activities, all in a timely fashion.

It is also unclear that T1 subjects, as a group, are as well informed about the benefit offset as they would be under a national policy. Although the demonstration sent all T1 subjects an outreach letter with basic information about the offset and instructions on how they could obtain more information, the beneficiaries could not count on their trusted sources of information for verification or advice as they would under an established national program. While the BOND site offices took steps to reach out to organizations likely to interact with beneficiaries, this was a very challenging task given the size and complexity of the demonstration sites. Each site's first priority was to set up the office, which itself was a challenging task, followed by implementation of procedures to inform treatment subjects and key stakeholders about BOND. We heard qualitative reports from multiple sites that some T1 subjects received misinformation about BOND from trusted sources—including SSA Field Office staff and state vocational rehabilitation counselors. Some were even advised that BOND is a scam. The extent of this problem is unknown, and the implementation team has taken steps to correct sources of misinformation when identified.

These issues might help explain why only 21 of the 79,440 T1 subjects had benefits paid under the offset as of October 2011. We did not expect SSA to adjust the benefits of all subjects eligible for payments under the offset in 2011 by the end of October, but the gap between the number adjusted and the number likely to be eventually adjusted is large.

¹³ However, as will be discussed in Section 4, some mailings were resent in October because initial mailings had an incorrect address.

However, we project that the number whose 2011 benefits will eventually be adjusted by the offset will be at least 800, and perhaps more than a thousand. Additional examination of these issues will be conducted in future reports.

Demonstration records show that a larger number of T1 subjects did contact the demonstration, and a substantial number of these might yet have their 2011 benefits adjusted. However, the difference between the actual number of offset users and the number projected to use the offset for 2011 benefits indicates a substantial share of subjects will enter the offset passively, through the back door described above.¹⁴

Future reports will assess: the extent to which the functioning of demonstration processes improves; the extent to which those who enter through either door thereafter use demonstration services to adjust benefits prospectively, as intended; the extent to which these beneficiaries' earnings change once they have had more opportunity to understand how the offset works and how to use demonstration services; and the extent to which those who first use the offset for 2011 benefits entered through the front or back door. Findings from these assessments will have a bearing on the interpretation of the T1 impact estimates. For example, we might find, as anticipated, that the number of back door entrants is large in the first year, but declines relative to the number of front door entrants in future years as BOND matures as a demonstration. Under this scenario, we would conclude that the early behavior of T1 subjects was not indicative of the behavior of similar subjects under a well-established national program. The implication is that to generalize the impact of BOND to a fully mature national program, we might have to rely on Stage 1 impact estimates for later years of the demonstration—provided that demonstration processes are functioning at that point as well as could be expected in an ongoing national program and T1 subjects are as well informed.¹⁵

We expect the functioning of demonstration processes for Stage 1 to improve as they mature, and as the implementation team and SSA continue to address the issues identified. We also expect those T1 subjects who enter through the back door in 2012 or even later to learn about the new rules and administrative processes. A planned follow-up outreach effort is also likely to generate greater use and could be instrumental to assessing the adequacy of T1 subject knowledge and trust in the demonstration.

The follow-up outreach will target T1 subjects identified as likely to use the benefit offset, based on SSA administrative data. The effect of the outreach on use of BOND services (including the offset itself or information about the offset) by targeted subjects will be informative about the extent to which these T1 subjects understand the rules as they would under a national program, and therefore can be expected to behave accordingly. This in turn will aid the assessment of the extent to which there may remain T1 subjects who fail to use BOND services because they do not fully understand or trust the opportunity. If

¹⁴ At this point, we do not know how many T1 subjects will enter through the back door because SSA cannot start identifying these subjects until IRS data become available in 1 August 2012 (see Section 2.3.7 for more details). Additionally, we do not have information on how most T1 subjects reacted to the letter. However, we do know that the number of contacts with the new infrastructure has generally been limited relative to the size of the T1 subject sample and that the number moving through the administrative process that leads to offset use (Step 3) via the front door is not large enough to yield 800 or more subjects with benefit adjustments for 2011.

¹⁵ Nonetheless, estimates of early impacts might still be indicative of early impacts during a national rollout, which is likely to experience the same sorts of growing pains observed in the demonstration, albeit on a larger scale.

the follow-up outreach generates few new service users from those identified as likely to use the benefit offset, it might be reasonable to conclude that a need for more information on the part of other T1 subjects is not holding back use of BOND services. If, instead, the added outreach induces substantial new use of BOND by those who receive it, it would suggest that additional T1 subjects are failing to use BOND services because they fail to understand the opportunity. Though those who receive outreach will not be typical of the entire T1 population, such a finding would cast doubt on the external validity of the impact estimates with respect to the impact of a permanent national program. Hence, we plan to carefully evaluate this outreach effort during 2012 and report its effects on BOND service use in a later report.

The evaluation will continue to pay careful attention to both the functioning of demonstration processes and the knowledge of T1 subjects as it proceeds. The next round of site visits will provide an opportunity to assess improvements in the functioning of demonstration processes and to collect systematic information on T1 subject knowledge. We will also be able to assess the functioning of demonstration processes through analysis of management information system data, and begin an assessment of how well the BOND processes for Stage 1 can potentially function under a national program. In addition, we will consider other approaches for assessing the comparability of Stage 1 treatment and control subject knowledge about how earnings affect their benefits.¹⁶

1.4. Organization of Report

The remainder of this document includes four sections. Section 2 provides background information on Stage 1 activities, including how the BOND innovations enhance current SSDI work rules and how the demonstration carried out random assignment of subjects to T1 and C1 groups. Section 3 evaluates whether Stage 1 random assignment worked as intended, provides descriptive information on BOND subjects' baseline characteristics, and discusses the implications of those characteristics for potential use of the offset by T1 subjects early in the demonstration period. Section 4 presents information on early implementation activities, including the extent to which T1 subjects have entered and progressed through the administrative processes leading toward use of the benefit offset, and the early successes and challenges in (1) putting demonstration operations in place in the 10 study sites, (2) informing T1 subjects about the offset, and (3) obtaining and processing earnings information in preparation for adjustment of benefits under the benefit offset. Finally, Section 5 provides a discussion of key findings and highlights issues of importance for future reports.

¹⁶ The Stage 1 survey, to be conducted 36 months after the mailing of the T1 letters, provides an opportunity to collect such information.

2. Stage 1 BOND Random Assignment and Services

An implementation team led by Abt Associates, referred to as the BOND team, worked with SSA to conduct Stage 1 random assignment and develop an infrastructure for demonstration service delivery. This team developed the infrastructure to support both Stage 1 and Stage 2; this report focuses on those processes pertinent to Stage 1 only. As indicated earlier, SSDI beneficiaries in 10 sites were randomly assigned into T1 and C1 groups for Stage 1 and a Stage 2 solicitation pool. The BOND team worked with SSA to conduct outreach to T1 subjects and develop a new system for WIC and processing earnings information to facilitate the understanding and ultimate use of the offset by T1 subjects. The demonstration period is defined as May 2011 through September 2017, although, as will be described below, the specific application of the offset to benefit amounts will vary depending on when a T1 subject completes his or her TWP and may extend beyond September 2017.

The remainder of this section presents an overview of random assignment and implementation procedures for Stage 1. This information provides context for Section 3, which describes the characteristics of Stage 1 BOND subjects and their potential readiness to use the offset, and for Section 4, which presents findings from an early assessment of Stage 1 implementation during the first six months.

2.1. Current SSDI Rules and the BOND Innovation

SSA defines SGA as the ability to earn a minimum monthly amount without subsidies and after certain exclusions, such as qualified impairment-related work expenses (IRWEs) (see Stapleton et al. 2010, for more details). In 2011, the SGA amount was \$1,000 per month for non-blind beneficiaries and \$1,640 per month for blind beneficiaries.

Exhibit 2-1 summarizes the current SSDI eligibility rules and the changes to those rules for T1 subjects under BOND. Under current rules, earnings above SGA are evidence that the beneficiary is able to work and thus no longer eligible for the program. SSDI beneficiaries can work above SGA for a nine-month TWP. Once this period is completed, the beneficiary immediately enters an Extended Period of Eligibility (EPE). SSA determines that disability ceased in the first month in which the beneficiary engages in SGA following the end of the TWP, but pays benefits in that month as well as the next two months of SGA—the three grace period (GP) months. However, if SGA continues after the GP, benefits are suspended. That is, the beneficiary encounters the “cash cliff” described in the introduction. Through the end of the thirty-sixth EPE month (the re-entitlement period), SSA re-instates benefits without re-application if the beneficiary stops engaging in SGA. If SGA occurs after the re-entitlement period ends, benefits are terminated. After benefits are terminated, the beneficiary can only obtain benefits by reapplying, though such beneficiaries are eligible for expedited reinstatement.¹⁷

¹⁷ Expedited reinstatement is available for the first 60 months after termination for SGA. Under expedited reinstatement, the beneficiary is eligible for provisional benefits while SSA reviews his or her application. A more detailed description of the current SSDI benefit structure appears in Stapleton et al. (2010).

Exhibit 2-1. Comparison of Current SSDI Program Rules to BOND Rules Related to Work

Item	Current law	BOND
Trial Work Period (TWP)	• In 2011, a TWP month is any month in which total earnings are \$720 or more. A self-employed person is also charged with a TWP month for a month with 80 or more hours worked in his or her own business. • IRWE not allowed for in determining TWP month. The TWP continues until a beneficiary has worked nine TWP months within a 60-month period. • Earnings counted on a when earned basis.	• Same as present law.
Extended Period of Eligibility (EPE)	• The 36-month EPE begins the first month after the ninth TWP month. • After the start of the EPE, SSA determines that disability has ceased in the first month of SGA (the disability cessation month). Benefits are paid in that month and the next two months (the Grace Period, [GP]).	• Same rules as present for 36-month EPE and payment of benefits through the GP.
	• After three GP months, the beneficiary loses full benefits for earnings above SGA (cash cliff). Benefits are reinstated, with no need for a re-application, for any month in which earnings are not substantial (in 2011, earnings of \$1,000 or more for non-blind beneficiaries, and \$1,640 or more for blind beneficiaries). • Monthly earnings (net of IRWEs) counted on a when earned basis.	• Benefit Offset: A reduction in the SSDI benefit of \$1 for every \$2 of earnings above the BOND Yearly Amount (BYA). T1 subjects will be able to use the offset through a 60-month BOND participation period, which starts in May 2011 for those who completed the TWP before random assignment, or, for the majority, the month after their TWP ends (provided it is completed by September 2017). • Annual Accounting. SSA will calculate the offset by comparing annual earnings on a when paid basis, net of any allowed IRWE, to the BYA.

Exhibit 2-2 illustrates the timeline for the TWP, EPE, GP, and the cessation date, which are important in understanding how the offset modifies existing program rules. This exhibit shows a history of earnings (E) and SSDI benefits (B) over 47 months for a hypothetical beneficiary with earnings that cause him or her to pass through the phases of program participation described above. In the TWP, earnings (E) are above the \$720 TWP level in all nine months involved, but benefits (B) continue unabated.¹⁸ The same is true in the cessation month and additional GP months (10 through 12), during which earnings are again above the SGA level of \$1,000 each month. Suspension of benefits occurs in months 13 and 14, and again in months 16 through 45. However, because this is the re-entitlement period, benefits resume in any month with earnings below SGA—such as month 15. Finally, at the end of the re-entitlement period, continued earnings above SGA trigger benefit termination in month 46. At that point, it makes no difference whether earnings fall below SGA in a given month (as in month 47); no benefit is paid unless the beneficiary re-applies. A small, but important share of beneficiaries earn above the SGA level on an annual basis at some point in their time on the rolls.¹⁹

The cash cliff that exists after the GP months elapse under existing SSDI program rules gives beneficiaries a strong incentive to keep earnings below the SGA level, especially if the beneficiary is unable to earn well above the SGA amount.²⁰ Under BOND, the offset replaces the cash cliff after the last GP month with a gradual ramping down of the benefit amount. T1 subjects who earn above the SGA amount on an annual basis after their GP months are completed will have their benefits adjusted under an offset—a \$1 reduction in SSDI benefits for every \$2 of earnings.

The benefit offset clearly increases the incentive to earn above the SGA amount for those who have completed the TWP and GP. For those who have not progressed through the TWP and GP, but think they might be capable of engaging in SGA, the benefit offset also increases the incentive to work and eventually earn more than the SGA amount.

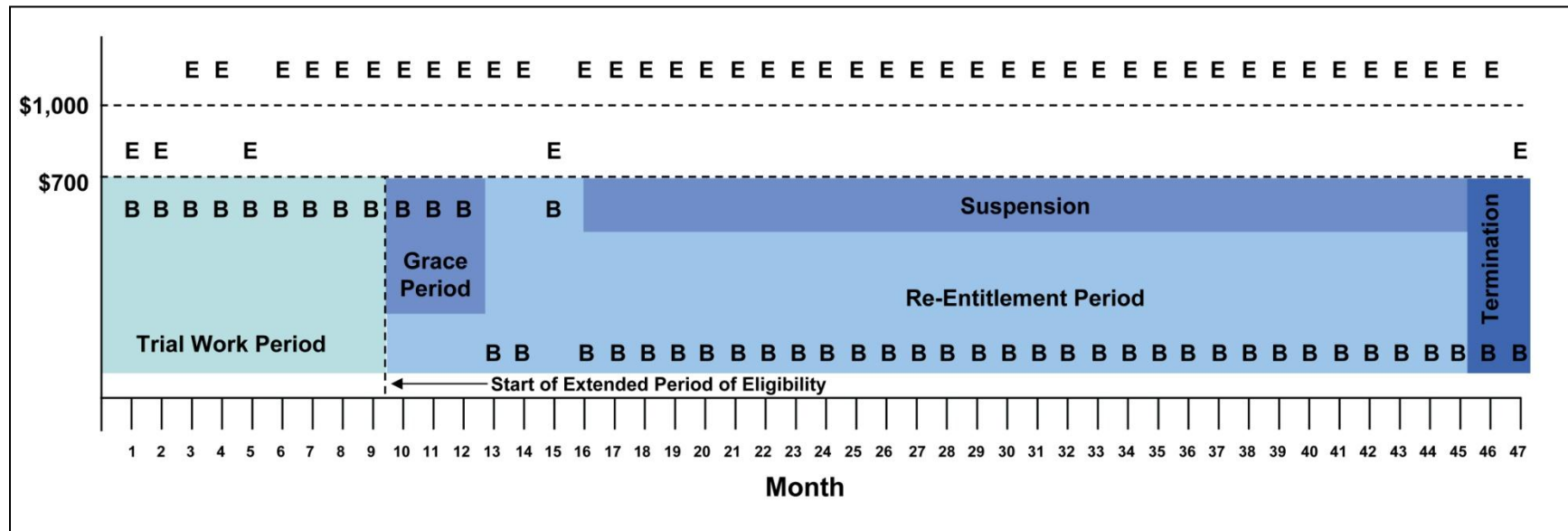
In contrast, the benefit offset is a windfall for those who would engage in SGA to the point where their benefits would be suspended or even terminated for SGA under current law. Without any change in behavior, they will be able to receive a partial benefit unless their earnings are so far above the SGA amount that the offset would reduce their benefits to zero. Some such beneficiaries might actually *reduce* their earnings, because for them every \$2 reduction in earnings is accompanied by a \$1 increase in benefits under the benefit offset. Others might reduce their earnings because the benefit income under the offset reduces their need for income.

¹⁸ TWP months are shown as consecutive in the exhibit, but need not be; the TWP is completed when nine such months occur over a period of 60 or fewer months. At the beginning of each year, SSA uses the Average Wage Index to adjust the TWP income amount for wage growth.

¹⁹ For instance, Liu and Stapleton (2010) found that 6.7 percent of those awarded SSDI benefits in 1996 had their benefits suspended or terminated for work at least once in the next 10 years.

²⁰ To illustrate, consider a non-blind beneficiary who receives a monthly benefit of \$1,000. After completing the TWP and GP, if the beneficiary earns \$1,010 a month and has no IRWEs, he or she is not entitled to any benefits, resulting in a total monthly income from earnings and benefits of \$1,010. If the beneficiary were to instead earn \$20 less, he or she would receive an SSDI payment of \$1,000 and accrue a significantly higher total income of \$1,990.

Exhibit 2-2. Timeline for SSDI Trial Work Period (TWP) and Extended Period of Eligibility (EPE).



An additional feature of BOND is the switch from a monthly accounting period for earnings reporting to an annual period. Instead of comparing monthly earnings to a monthly amount (the SGA amount), annual earnings are compared to a yearly amount (the BYA). This switch reduces the burden on the beneficiary and SSA of reporting monthly earnings changes as they occur and reduces the burden on SSA of processing monthly changes. Additionally, annual accounting can be advantageous to T1 subjects with variable earnings, such as seasonal workers. For example, under the new BOND rules, a worker who earns above SGA in a particular month might not be subject to partial benefit reduction under the offset if his or her earnings for the year are below the annual BYA.

The BOND benefit offset adopts one other accounting change that is important for administrative purposes. Whereas current law assessments of SGA are based on the month when wages are earned, assessment of annual earnings for offset purposes will be based on when wages are paid, corresponding with IRS rules. Among other things, this will make it easier for SSA to use earnings as reported by employers to the IRS for determining the correct benefit amount.

SSA will compare annual earnings (net of any allowed IRWEs) to BYA for purposes of determining the size of the offset. Benefits will continue to be paid monthly, however. In essence, benefits will be based on average monthly earnings, calculated from the beneficiary's beginning-of-year estimate of annual earnings. Beneficiaries can submit revised annual earnings estimates during the year if their income deviates from their initial estimates. An end-of-year reconciliation process will lead to adjustments if actual earnings deviate substantially from the beneficiary's estimate. Any auxiliary benefits (that is, those paid to support a dependent family member) will be paid in full if the individual's own benefit is positive, and reduced to zero if not.²¹

T1 subjects will be able to use the offset through a 60-month BOND participation period, which began in May 2011 for those already eligible to use the offset at the time of random assignment or, for the majority of T1 subjects not in the TWP in May 2011, is to begin in the month after their TWP ends (provided it is completed by September 2017)²² Those who fail to complete their TWP by September 2017 will lose their opportunity to use the offset. Benefits cannot be terminated because of work during the participation period, even if benefits fall to zero because of earnings. Current rules will apply at the end of the

²¹ The vast majority of beneficiaries eligible for BOND qualified for SSDI based on their own work credits. As discussed further in the Stapleton et.al. (2010), a small share of SSDI workers receives auxiliary benefits. The total monthly benefit is subject to a family maximum. If a treatment subject's total benefit is at the maximum, a reduction in the primary benefit under BOND will not result in an offsetting increase in auxiliary benefits. The other groups eligible for BOND are Disabled Adult Children (DAC) and Disabled Widow(er) Beneficiaries (DWB) of other Social Security beneficiaries. Reductions in their benefits under BOND have no effect on the benefits of the primary beneficiary or other auxiliary beneficiaries.

²² May 2011 was chosen as the start date because it was the first month after random assignment and, as will be described below, the first month letters were sent to T1 subjects. The use of the TWP month to establish the participation period has special implications worth noting for two small subgroups of T1 subjects. First, T1 subjects who have not exhausted the GP months before May 2011 are eligible to use the benefit offset for 60 months *minus* the remaining GP months. Second, T1 subjects who re-entered SSDI under SSA's Expedited Reinstatement process will be eligible for the offset only after they have completed both the 24-month initial reinstatement period *and* their new TWP. As with others, any GP months remaining at the start of the participation period must be used up before the benefit offset is applied.

participation period; the benefits of those engaged in SGA after this point will be terminated once any remaining GP months have been used.

2.2. Stage 1 Random Assignment

As described earlier, the BOND sampling design calls for all beneficiaries meeting BOND eligibility criteria in each of the 10 sites to be randomly assigned to one of the following three groups (Bell et al. 2011):

- **Stage 1 Treatment Subjects (T1 Subjects):** a group that is subject to the benefit offset rules
- **Stage 1 Control Subjects (C1 Subjects):** a control group for which current SSDI rules continue to apply
- **Stage 2 Solicitation Pool Subjects:** a group from which the demonstration is recruiting volunteers for Stage 2 random assignment.

Large samples are necessary for Stage 1 because only a small fraction of T1 subjects (approximately 5 to 10 percent according to estimates in Stapleton et al. 2010) are expected to have sufficient earnings to use the benefit offset. Hence, even if impacts for those that use the offset are on average large, average impacts for all T1 subjects to be measured in the evaluation could be small.²³ To detect policy-relevant impacts, the BOND design called for a T1 sample size of approximately 80,000 subjects and a C1 sample size many times larger—leveraging the large number of beneficiaries in each site who will not be assigned to T1 or solicited for Stage 2.

Subjects were initially assigned from administrative records to a C1 Core group, a T1 group, and a Stage 2 solicitation pool. For Stage 1, informed consent was not required.²⁴ Additional C1 subjects will be added to the C1 group later in the demonstration.²⁵ All the BOND samples were stratified by site and by the length of time the beneficiary had been on the SSDI rolls, placed in two groups: 36 months or less

²³ The evaluation must include all T1 subjects in its comparisons to C1 subjects, not just offset users, because we cannot determine which C1 subjects would have been offset users had they been assigned to the treatment group.

²⁴ Stage 2 will include volunteers, who must give informed consent prior to random assignment. For more information, see Stapleton et al. (2010).

²⁵ The additional C1 subjects will mostly come from the Stage 2 solicitation pool and include those who are not used in Stage 2 random assignment. Specifically, the Stage 2 solicitation pool noted above was initially drawn to include the remaining sample not included in the T1 and C1 core sample. It is expected that not all beneficiaries in the Stage 2 solicitation pool will be necessary to achieve the target sample sizes for Stage 2. The remaining sample that is not used in Stage 2 (those that do not receive any Stage 2 BOND solicitation materials) will be shifted to C1. In addition, the C1 sample will include all concurrent beneficiaries in the BOND sample who were not assigned to C1 as these beneficiaries were not eligible for the Stage 2 solicitation pool. Weights will be used in the analyses to adjust for the varying probabilities with which beneficiaries will be assigned to C1 under this process. The primary advantage to adding these cases to the C1 core group is that it adds more power to detect impacts in the evaluation (see Bell et al. [2011] for more details).

(short duration) or more than 36 months (long duration).²⁶ This stratification was designed to support long-term projections of BOND's potential impacts on outcomes for future beneficiaries.²⁷

All SSDI beneficiaries in the 10 study sites were included in the initial stage of random assignment. Random assignment yielded 79,991 T1 subjects, 79,991 C1 Core subjects, and a large remaining pool of subjects who will eventually be used as C1 subjects or in Stage 2 (Exhibit 2-3). The analyses in this report focus on beneficiaries assigned to the T1 and the C1 Core groups who were alive at the time the sample characteristics were verified by the BOND team in May 2011 prior to the first T1 mailings.²⁸ Some subjects randomly assigned to the T1 and C1 Core groups had died by that point, and were removed from the sample (551 T1 subjects and 613 C1 subjects) for this report. The final evaluation sample for the T1 subjects includes 79,440 beneficiaries, and the C1Core group includes 79,378 beneficiaries. The rest of this report, which relates only to T1 subjects, includes statistics for this final evaluation sample from BODS data; future evaluation reports will reflect the final evaluation sample.

Exhibit 2-3. BOND Stage 1 Sample Sizes

	Total
Initial Result of Random Assignment	
Assigned to T1	79,991
Assigned to C1 Core ^a	79,991
All Others ^b	1,045,840
Final Evaluation Sample^c	
Assigned to T1	79,440
Assigned to C1 Core	79,378

Source: BODS.

^aC1 Core includes a random sample of control subjects. C1 will eventually include C1 Core, all concurrent beneficiaries not included in C1 Core, and all Stage 2 solicitation pool members from replicates that were not used for solicitation. See Bell et al. (2011) for details.

^bAll Others includes SSDI-only beneficiaries in the Stage 2 solicitation pool and concurrent beneficiaries not included in the C1 Core. Eventually, many of the former and all of the latter will be reassigned to C1.

^cThe final evaluation sample for Stage 1 T1 and C1 Core groups excludes those assigned to T1 or C1 Core who had died by the time the sample was finalized (May 2, 2011).

²⁶ The 36-month requirement was determined based on the beneficiary's status as of June 2011. This date was chosen in order to place the cutoff in the middle of the originally planned 3-month mailing effort.

²⁷ The offset is expected to reduce the number of short-duration beneficiaries who eventually have their benefits terminated for work ("reduced exit"). The long-duration beneficiaries eligible for BOND *exclude* former beneficiaries whose benefits were terminated for work. Some such former beneficiaries would likely be on the rolls if the benefit offset rules had applied when they first entered SSDI. Hence, a large sample of short-duration subjects is needed to determine the extent to which the benefit offset increases benefit costs because of reduced exits. There might be other reasons why those subject to the offset rules soon after program entry will eventually behave differently than those first subject to the offset as long-duration beneficiaries (see Bell et al. [2011] for the possible behavioral response of T1 subjects).

²⁸ We removed beneficiaries from the sample who died on or before May 2, 2011, the date that the BOND team finalized the sample for the mailing release. SSA sent an update to the BODS sample in April 2012 that allowed our team to retrospectively identify T1 and C1 subjects who had died as of May 2, 2011.

2.3. BOND Implementation

To implement BOND, the BOND team and SSA set up an infrastructure that included several new entities and procedures to serve treatment subjects. The development of this infrastructure required the recruitment of staff in the 10 sites, all of whom needed to receive security clearances and to be trained on new BOND procedures over a short time frame. Once operations were set up, site staff were to respond to inquiries from T1 subjects and obtain information about their earnings in a timely manner to ensure the expeditious application of the offset. Staff also had to track these activities in a new data management system referred to as the BOND Operations Data System (BODS). Finally, SSA developed a new automated operating procedure and data system called the Bond Stand Alone System (BSAS) to apply the BOND payment rules.²⁹ SSA started working on its internal infrastructure for making offset payments and reconciling benefit adjustments in 2008. Work accelerated with SSA's award of the BOND contract to Abt Associates in December 2009. Most of the infrastructure was in place by May 2011, although there were some challenges that delayed full implementation in some sites until June.³⁰

Successful implementation of BOND requires establishment of this infrastructure. Below, we provide a summary of the implementation features applicable to Stage 1, including (1) the BOND operational components that provided Stage 1 services and supports; (2) the outreach materials sent to T1 subjects and the follow-up supports that T1 subjects could use to obtain more information about BOND; (3) the revised process for submitting earnings information for Work CDRs, meant to expedite earnings processing for the offset; (4) the benefits counseling support for the new offset rules delivered by WIC providers; (5) BODS, the data system designed to allow the key operational entities to manage Stage 1 outreach and service delivery and track outcomes for all services except WIC; (6) the Efforts to Outcomes (ETO) data system used to track WIC services delivered to T1 subjects and counseling services delivered to all beneficiaries, including C1 subjects;³¹ and (7) the BSAS, used to apply the offset to T1 subjects' benefits checks.

T1 subjects can have the offset applied either by interacting with one of the operational entities or by taking no action and having the offset applied automatically through the back door. Below, we describe the processes where a T1 subject can enter through the front door by proactively contacting one of the operational entities for more services and entry into the benefit offset. We conclude with a description of how subjects can enter the benefit offset through the back door, without contacting operational entities. More details on those operational entities are available in Stapleton et al. (2010).

2.3.1. BOND Operational Components

SSA awarded the contract for implementation and evaluation of BOND to Abt Associates Inc. and its subcontractors—the **BOND team**.³² The BOND team is divided into implementation and evaluation

²⁹ See Stapleton et al. (2010) for further description of the design for these procedures.

³⁰ These challenges are discussed in Section 4.

³¹ The BOND team must match data from BODS to identify C1 subjects in ETO.

³² Those subcontractors include: Mathematica Policy Research, Inc.; Cherokee Information Services; HTA Technology and Security; Lionbridge Technologies, Inc.; Convergys; the Virginia Commonwealth University

teams. The implementation team is responsible for all BOND operations, including providing direct services to BOND beneficiaries. The implementation team oversees all non-SSA operational entities. The evaluation team interacts with the implementation team for the purpose of collecting information to support the evaluation (including this report). There is an information firewall between the implementation and evaluation teams. Implementation team staff can share information with the evaluation team; however, the evaluation team is required to keep information gathered during telephone calls and site visits confidential. The implementation team is only privy to summary documents where the identity of informants is protected.

The BOND team is responsible for contacting, informing, and delivering services to T1 subjects as they progress toward and use the benefit offset. SSA retains its adjudicative role in the benefit adjustment process and in other processes, as well as its control over issuance of benefit checks; the agency will continue to deliver monthly benefit checks to the demonstration subjects. This arrangement was designed to minimize BOND's impact on SSA program operations and to avoid the many implementation problems encountered in the BOPD, such as delayed entry into the offset, overpayments, and underpayments.³³

The BOND team manages the following two site operation entities that provide direct supports to T1 subjects:

- **BOND Site Offices:** The BOND Site Offices serve as a resource for T1 subjects by facilitating outreach and collecting information for work CDRs (described below). These offices also conduct outreach and recruitment for Stage 2 treatment subjects and support all beneficiaries (Stage 1 and 2) by providing many of the services traditionally provided by SSA field offices.
- **WIC Providers:** WIC providers include one or more organizations in each site that deliver BOND WIC services to treatment subjects.³⁴

The BOND team also manages five entities that support site operations by providing information about BOND and by processing earnings information:³⁵

- **BOND Operations Data System (BODS):** This fully secure system houses data for more than a million beneficiaries in the BOND sampling frame and supports the operation of the multiple field components as well as the OPDR Work Unit. The IT team also supports data exchanges with SSA, ETO, and others; a Help Desk; BODS email; file sharing across the team; information

Rehabilitation Research and Training Center; Palladian Partners; the Center for Essential Management Services; MEF Associates; the University of Utah Institute for Public & International Affairs; SOSACorp; and TransCen.

³³ See Stapleton et al. (2010) for further discussion.

³⁴ They offer WIC services to treatment subjects in both Stages 1 and 2 (though WIC is only offered to one of the treatment groups in Stage 2. See Bell et al. 2011 for more details).

³⁵ There is also an information technology (IT) team that supports: the production and training data system; data exchanges with SSA, ETO, and others; a help desk; BOND email; file sharing; information security computer equipment needs; a public website; and a team portal.

security oversight; computer equipment; the BOND public website; and a team portal. The operations functions for BODS are described in more detail below.

- **BOND Call Center:** The BOND Call Center provides T1 subjects with telephone support for BOND. T1 subjects can call the BOND Call Center to ask questions about services, report earnings information, and inquire about any problems.
- **BOND Processing Center:** The BOND Processing Center reviews and completes work CDR packets to be adjudicated by SSA's BOND work CDR unit. The BOND Site Offices and WICs can send completed work CDR materials to the center, where staff will complete a quality control review and may request additional documentation before sending the packet to SSA.³⁶
- **BOND Central Operations:** BOND Central Operations supports site operations and WIC operations through mail management, mail receipt and document posting, data quality review, and technical support for work CDR development.³⁷
- **BOND Site Liaisons:** A team of two liaisons for each BOND site communicates regularly with site office staff, WICs, and EWICs, assisting and monitoring the performance of demonstration activities.

Finally, SSA created the **SSA BOND Work Continuing Disability Review (CDR) Unit**, a special office within OPDR to handle work CDRs and to process adjustments to the beneficiary's check for the offset. The SSA Work CDR Unit receives information from the BOND Processing Center to administer the offset.

SSA awarded the BOND contract in December 2009. The BOND team and SSA had to set up the infrastructure for pilot operations of Stage 2 activities by January 2011 and for full implementation of Stage 1 by May 2011.³⁸ Specifically, the BOND team set up offices and hired staff for the BOND Site Offices, the BOND Call Center, and Central Operations. They also recruited the WIC service providers and set up BODS. Additionally, SSA set up the internal BOND Work CDR Unit and developed and implemented the BSAS, which was designed to receive data from BODS and interface with SSA's data systems that control benefit amounts and issuance of monthly checks.

2.3.2. Outreach Materials and Initial Contact Process for T1 Subjects

After Stage 1 random assignment, the BOND team sent an outreach letter (the "BOND team letter") to all T1 subjects (see Appendix A for a copy of the letter). Because Stage 1 random assignment was conducted using SSA administrative records and did not require participation consent from potential subjects, T1 subjects were unaware of BOND before receiving this outreach letter. The one-page letter was written on BOND project letterhead and was intended to provide basic information on BOND and to stimulate

³⁶ In January 2012, the BOND Processing Center will also gather missing information and proof of earnings to complete the wage verification for each work CDR.

³⁷ The BOND Central Operations Center also supports Stage 2 activities.

³⁸ There was a brief pilot period to test operations for Stage 2 BOND subjects. Stage 1 features were not piloted.

interest in participation.³⁹ The letter described the offset and encouraged subjects to contact the BOND Call Center if they had questions. The letter also referred to the BOND website (described below). As will be described in more detail in Section 4, the BOND team sent this letter to subgroups of beneficiaries in batches between May and October, allowing time for the BOND operational entities to interact with T1 subjects on a flow basis.

SSA also sent a letter to T1 subjects notifying them of the implications of the BOND rule changes (see Appendix B). The SSA notice letter was required by law because BOND involves specific rule changes that affect benefits. For this reason, the three-page SSA letter focused primarily on describing BOND and its implications for benefits. SSA's letter also reinforced the information in the original BOND team letter by including contact information for key BOND operational entities and a link to the website. The SSA letter was also sent in increments, generally following the initial letter from the BOND team by about two weeks.

The BOND website (www.BONDSSA.org) is designed to provide information about BOND to the public. The website includes a basic overview of BOND, a list of frequently asked questions and responses to those questions, and a set of real-life situations—seven case studies used to illustrate how the offset may be used. These case studies describe different earnings scenarios, including part-time work, earnings with IRWE, full-time employment, and earnings fluctuations.

The BOND team and SSA letters provided the Call Center's toll-free phone number. During the initial telephone contact, which was to last 10 to 15 minutes, a BOND staff member at the Call Center verified and updated contact information, referred the subject to the site's WIC provider for counseling services, discussed the reporting requirements under BOND, encouraged the subject to notify BOND if the subject's contact information changed, answered the subject's questions, and screened the subject to see if the subject required work CDR development. This call represents the T1 subject's first formal contact with the BOND project and should facilitate the subject's understanding of the advantages of using the offset and related services, such as WIC. During the initial contact, the Call Center employee proceeds through the following steps: (1) update and verify the subject's contact information; (2) answer questions about BOND services; (3) provide the name of the WIC; (4) ask questions about current and recent work activity to determine if a work CDR is needed; and (5) explain how the offset works. If a T1 subject goes through all steps, the initial contact is marked as complete. The call center also refers beneficiaries to the WIC provider in the appropriate BOND site.

2.3.3. Work CDR Requests from the BOND Site Office and WIC Providers

The work CDR process is an important SSA administrative process for ensuring accurate benefit changes based on the beneficiary's earnings.⁴⁰ The work CDR includes the compilation of the beneficiary's

³⁹ Letters were sent in English and Spanish. Spanish-language letters were sent to beneficiaries if the administrative record showed that the beneficiary preferred Spanish-language material. For beneficiaries with representative payees, the BOND implementation letter was sent to both the payee and beneficiary. In addition, the SSA letter only went to the representative payee when there was a beneficiary and representative payee noted in the administrative records.

⁴⁰ SSA also schedules periodic medical CDRs based on expected medical improvement or on evidence of work. Medical CDRs are used to make contact with beneficiaries to update their personal and medical information and

employment and monthly earnings information. SSA has periodic checks of beneficiary earnings that result in the start-up of a work CDR. SSA has special triggers to conduct work CDRs for all SSDI beneficiaries based on earnings records from the IRS and state employment records. When a work CDR is initiated by SSA, the agency mails the beneficiary forms requesting information about current and recent work history.

The design for BOND modified the work CDR process in an attempt to streamline the processing of offset use and avoid underpayments and overpayments. The work CDR process is especially important for BOND because it is used to determine where the beneficiary is in his or her TWP, whether a beneficiary has earnings in excess of the SGA amount, and when the individual is first eligible for the offset. For this reason, the design for BOND included steps to complete work CDRs in an expeditious fashion.

A key change to the work CDR process is that either SSA or one of the BOND operational entities can initiate a work CDR for T1 subjects. When SSA initiates the process, it sends out forms to the beneficiary and requests that the subject get in touch with the BOND Call Center for assistance.⁴¹ Additionally, BOND Site Office staff or WIC counselors can initiate the process once in contact with a T1 subject by requesting that SSA mail the forms to the beneficiary. Those staff then assist the beneficiary to complete the forms and provide the necessary documentation, providing additional support for the work CDRs.⁴² If T1 subjects appear to be eligible for the offset, the BOND Site Office staff or WIC counselor will ask for an annual earnings estimate. That estimate is the basis for the adjustment in the benefit amount under BOND rules.

The completed work CDR forms may be returned by the T1 subject to the BOND Site Office or WIC provider. This also represents a significant change in the processing of work CDRs, as SSA field offices typically perform this work. Under BOND, however, local field offices that come into contact with T1 subjects are supposed to refer the subject to the BOND Site Office for support.⁴³

to determine if they still meet SSA's definition of disability. Periodic medical CDRs usually occur every three to seven years unless SSA has determined that the beneficiary's impairment is permanent.

⁴¹ SSA initiates a work CDR by sending a pre-populated Form 820/821 to the T1 subject, which captures past employment data (name and mailing address of employers, start and end dates of work, and so on) and earnings information that has already been provided to SSA. The BOND Work CDR Unit notifies the BOND team about these forms through BODS.

⁴² Site Office staff and WIC counselors can help T1 subjects gather all the necessary materials to process a work CDR. These materials include a benefits planning query (BPQY) from SSA, used to assess the types and amount of benefits the subject receives. During a work CDR, beneficiaries also sign releases of information (SSA Form 3288) in order to contact SSA and employers to gather required information. To improve the quality of information collected from beneficiaries, SSA provides a partially populated SSA Form 820/821. BOND staff assist beneficiaries with completing this form.

⁴³ T1 subjects who report their earnings to an SSA field office are redirected to the BOND Call Center or a Site Office. SSA field offices have been specifically instructed to no longer service T1 subjects but to direct all these beneficiaries to the cited BOND units. For SSA to proceed with the steps necessary to apply the benefit offset to earnings (including, as necessary, retroactive application of the offset to previous benefits), the process must begin in the OPDR work CDR unit, Site Office, or WIC.

Finally, the BOND Site Office staff or WIC counselors send the work CDR information to the BOND Processing Center, which reviews all documents for quality control.⁴⁴ The BOND Processing Center's centralized case processing of work CDRs assists SSA by ensuring that fully completed work CDR documents are submitted.

2.3.4. WIC Services

Another key feature of the BOND intervention is the delivery of work incentive counseling services through WICs. The WIC services were designed to be delivered in a similar fashion to the counseling delivered by WIPA providers, the organizations that receive grants from SSA to provide benefits counseling services to all SSDI beneficiaries. As with WIPA counseling, WIC is designed to inform beneficiaries about the consequences of earnings for SSDI benefits, but under the benefit offset instead of current rules.

When T1 subjects contact the Call Center or a Site Office, they are referred to a WIC provider for BOND benefits counseling. WIC counselors work with the beneficiary to map out different earnings scenarios to determine how earnings under BOND might affect his or her SSDI benefits and total income. WIC counselors may also help beneficiaries access other services such as vocational rehabilitation, public assistance programs (for example, Supplemental Security Income (SSI), the Supplemental Nutrition Assistance Program [SNAP], and Medicaid), needed work supports and accommodations, and specialized treatment (for example, mental health or substance abuse treatment).

2.3.5. BOND Operations Data System (BODS)

The BOND team developed BODS as an operations and management information system to support and track delivery of demonstration services to all BOND subjects. A key feature of BODS is the inclusion of SSA administrative data. These data are important for each of the activities noted above. BOND implementation staff who use BODS require up-to-date information on administrative data elements, particularly those relevant to the offset, such as the status of TWP and GP completion.⁴⁵ For ease of reference, all of the data incorporated in BODS for the activities noted above, including data originally drawn from SSA administrative records to support random assignment, are referred to as BODS data in this report. BOND staff update the BODS data as appropriate when they are in contact with T1 subjects or are processing information related to their cases. These data play an important role for BOND implementation staff in managing service delivery.

BODS is being used to support the following activities:

- **Random Assignment:** BODS incorporates data from SSA administrative extracts on prospective BOND subjects. The implementation team used these data to randomly assign cases for Stages 1 and 2.

⁴⁴ The BOND Processing Center will also have additional responsibilities to gather missing information and proof of earnings to complete each work CDR in the future, although this feature was not operational at the time of this report.

⁴⁵ As described in Section 4, the SSA administrative data elements in BODS were sometimes out of date, which created challenges for the BOND operational entities in serving T1 subjects.

- **Outreach:** BOND Site Offices use BODS to track contacts with eligible beneficiaries, including contacts with T1 subjects.
- **Mailings:** BODS was used to generate the data for the T1 mailings, process address updates, transmit information to the mail house, and track returned mail.
- **Initial Contacts/Set-up Process:** The BOND team uses BODS to record initial contacts by T1 subjects who respond to the BOND or SSA letter. The Site Offices also use BODS to record and store earnings information for work CDRs. The information recorded in BODS is transmitted to SSA via the BOND Processing Center to support adjudication of TWP completion; BODS also transmits information on annual earnings estimates (initial or revised) directly to the BSAS.
- **Other activities:** The BOND Call Center records information on its interactions with beneficiaries in BODS. The BOND evaluation team will use BODS as a source of contact information to support survey data collection. To further support the evaluation, the BODS data will also be matched to administrative records from other data systems.⁴⁶

In addition to its central implementation role, BODS also plays a vital role in the BOND evaluation. It is the source of data for quantitative assessments of each of the five activities described above (random assignment, outreach, mailings, initial contacts, and other activities). In Section 3, we report data on random assignment; and in Section 4, we report data on outreach, initial contacts, and other activities, including the application of the offset. The data that appear in these tables are the same data that the BOND team employs to track the use of BOND services by T1 subjects in ongoing weekly management reports. These reports are distributed to the implementation, evaluation, and SSA review teams.

2.3.6. ETO Data on WIC Services

While BODS provides a central source of data on all BOND subjects, WIC service provision is tracked in a separate system called ETO. WIPAs currently use ETO to track benefit counseling services to SSI and SSDI beneficiaries. For BOND, WIC services are similarly tracked in ETO. This approach was intended to facilitate comparison of WIC services to WIPA services (provided to the C1 group) in the evaluation, and is practical because most WIC providers also provide WIPA supports, so they already have access to ETO and are familiar with it. However, a significant limitation of this arrangement is that WIC providers are not able to communicate with the BOND Site Office via their management information system or to see and use data in BODS that are available to other BOND staff.

To identify Stage 1 and 2 subjects who might not be aware of their BOND eligibility when they contact a WIPA, SSA authorized the implementation of an alert system within ETO. As WIPA providers enter beneficiary information for those seeking services, ETO indicates if the person is a Stage 1 or 2 treatment subject. WIC counselors can also look up a beneficiary's status on the BOND team portal, which, along with training and other materials, shows the random assignment status of all beneficiaries.

⁴⁶ As of January 2012, site staff can also use BODS to determine whether T1s are working with a WIC.

2.3.7. Benefit Offset Application: Front Door and Back Door Adjustments

The final step of the process is to apply the offset to the T1 subject's benefit check. As described below, this process can happen after a beneficiary contacts the demonstration in response to the outreach letter or referral by a field office employee (the front door), or as SSA conducts a periodic work CDR and/or its annual review of IRS earnings data (back door).

T1 subjects can report their earnings information to BOND Site Office staff, Central Operations staff, or the BOND Processing Center. The entity receiving the information will initiate processing of the offset, to be completed by SSA. As noted above, if the subject's existing administrative record is incomplete with respect to TWP and GP completion, the BOND Site Office or WIC provider will work with the T1 subject to obtain the missing information.

T1 subjects can enter through the back door if SSA learns about the beneficiary's earnings from a source other than the BOND infrastructure and makes an adjustment to their benefits. In this situation, SSA will apply the offset based on their review of earnings information from the work CDR process and/or IRS records. SSA will conduct this review as part of its broader procedures for all beneficiaries to ensure the accuracy of payments. When SSA identifies a subject with earnings sufficient to warrant further action, it will seek additional information through the work CDR process by sending the subject a pre-populated SSA Forms 820/821 to complete. The mailing includes postage-paid return envelopes for Central Operations. A second mailing of the form is sent out if there is no response to the first mailing. In the absence of a response, SSA will move forward with the information it has on the T1 subject's work history, which could be based on IRS records or other sources, such as earnings previously reported to a field office by the beneficiary.⁴⁷ If the subject does respond, Central Operations forwards the completed SSA Forms 820/821 from the subject to the Site Office, WIC, or EWIC staff to complete the work CDR package.

The SSA BOND Work CDR Unit performs the formal calculation using a process similar to that used to adjudicate TWP and GP months for all beneficiaries. When the benefit offset should be applied, the BOND Work CDR unit makes the benefit adjustments using a largely automated process. If it is determined that a T1 subject has exhausted the GP months and has a disability cessation date (which occurs in the first of three GP months), the subject must submit an annual earnings projection for the calendar year to calculate the offset.⁴⁸ The process involves submitting an annual earnings estimate and evidence (if any) for the IRWE work incentive noted above.⁴⁹

⁴⁷ Unless SSA has monthly information from beneficiary reports, it will allocate earnings in part-year situations by straight-lining across 12 months. Otherwise, the rules will be applied in the same way as for subjects that provide more information.

⁴⁸ If the TWP and GP end during the middle of a calendar year, the T1 subject must submit an earnings estimate for the remainder of the year.

⁴⁹ The subject can submit an estimated IRWE for the year (with supporting evidence), which will be deducted from the estimate of earnings before application of the offset. If the projected earnings net of IRWE are less than the BYA (\$12,000 in 2011 for non-blind beneficiaries), the subject will receive his or her full SSDI benefit for the year. However, if projected earnings net of IRWE exceed the BYA, then the subject will receive the full benefits for the year minus \$1 for every \$2 in estimated earnings net of IRWE above the BYA.

Starting in March of the following calendar year, the SSA BOND Work CDR unit will compare the earnings estimates received from treatment subjects to actual earnings reported by their employers to the IRS. SSA initiates a retroactive adjustment process if there is a significant discrepancy; generally, any benefit due is paid in equal monthly amounts. The beneficiary may speed the reconciliation process up by submitting evidence of earnings earlier in the year.⁵⁰

⁵⁰ If an overpayment of more than \$200 is detected, SSA will send an overpayment notice to the subject. Normally the amount of the overpayment will be deducted from future monthly benefit checks until it is fully repaid. The beneficiary has the same right of appeal concerning overpayments as under the current rules, and BOND staff will be available to assist the beneficiary in completing the appeals process. The beneficiary may also initiate reconciliation, and seems likely to do so if annual earnings turn out to be substantially lower than anticipated or if documented IRWE turn out to be substantially higher because in such cases, an underpayment probably occurred. Again, the BOND team can help the beneficiary pursue reconciliation. Pending review by SSA, payment will be released to the beneficiary to compensate for any underpayment. T1 subjects are also allowed to report revised projected earnings throughout the year in order to prevent over- and underpayments from accumulating.

3. Baseline Characteristics of Stage 1 Subjects

This section presents baseline statistics for T1 and C1 Core members, both in aggregate and by site. These statistics are compiled using information from BODS. The section compares the characteristics of T1 and C1 Core subjects in the final evaluation sample as of April 30, 2011 (April 2011), the month prior to sending the first mailings to T1 subjects. Our findings verify that differences between the characteristics of the two groups are small and can reasonably be attributed to chance.

We also examine how many T1 subjects have the potential to become early users of the offset based on their TWP status.⁵¹ We have access to data from BODS on the number of T1 subjects who at least started the TWP (“TWP starters”) and just those who completed the TWP (“TWP completers”) as of October 2011. TWP starters include all those who entered TWP and, by definition include TWP completers (that is, TWP completers are the subset of TWP starters who complete the TWP). We use these two groups to project a guide to the maximum number of T1 subjects who might have the offset applied to their benefit check immediately (TWP completers) or during the next year (TWP starters). Actual usage of the offset will be much lower, however, because some who have completed the TWP might have stopped working or might be incapable of engaging in SGA. We find that a substantial minority of T1 subjects had started or completed the TWP as of October 2011 (14 and 10 percent, respectively). This estimate provides important context for the findings in Section 4, where we project how many beneficiaries can be expected to eventually have their 2011 benefits adjusted under the offset, documents the extent to which T1 subjects are directly engaged with the demonstration, and presents statistics on the extent to which subjects’ benefits have already been adjusted under the offset.

3.1. Stage 1 Treatment and Control Groups Were Comparable at Baseline

Exhibit 3-1 compares several demographic and impairment characteristics of the T1 and C1 Core groups that were available in BODS in April 2011, when random assignment occurred.⁵² Properly implemented random assignment implies that any differences between the observed characteristics of the two groups should be small enough that they can be attributed to chance; that is, that the two groups were randomly drawn from a common beneficiary population, as designed. To check if random assignment was properly implemented, we applied an F-test for the equality of the means of a large set of beneficiary characteristics across the two groups. This joint test finds no statistically significant differences across the group of characteristics, indicating that random assignment worked as envisioned. Tests applied to differences in means for individual characteristics also show no statistically significant differences.⁵³

⁵¹ The estimates in the tables reflect the data that were available at the time we completed the analysis for this report in April 2012. Some of those classified as starting, but not completing, the TWP as of October 2011 had actually completed, but that fact was not yet recognized in the data because of pending case processing and file updates.

⁵² The impairments listed are those recorded in SSA administrative data as the primary impairment, as identified during the most recent determination of the beneficiary’s medical eligibility. Many records list multiple impairments.

⁵³ In future reports, we will assess whether differences might exist in characteristics observed in administrative data that are not included in Exhibit 3-1 (for example, statistics on historical earnings) and, as necessary, apply regression adjustments to account for any differences (see Bell et al. [2011] for more details).

Exhibit 3-1. Characteristics of T1 and C1 Core BOND Subjects Prior to Random Assignment in April 2011

Characteristic	C1 Core Mean	T1 Mean	Difference	P=Value
Number of Beneficiaries	79,378	79,440		
Gender (percent)				
Male	51.8	51.6	0.1	0.626
Female	48.3	48.4	-0.1	
Age at RA (percent)				
20–29 years	7.7	7.7	0.0	0.330
30–39 years	13.3	13.2	0.1	
40–44 years	10.7	10.6	0.1	
45–49 years	15.9	16.3	-0.4	
50–54 years	23.3	23.0	0.3	
55–59 years	29.1	29.2	-0.1	
Mean age (years)	47.3	47.4	-0.1	0.787
Primary Impairment (percent)				
Neoplasms	3.2	3.0	-0.2	0.330
Mental Disorders	29.5	30.0	-0.5	
Back or Other Musculoskeletal	24.9	24.5	0.4	
Nervous System Disorders	7.1	7.1	0.0	
Circulatory System Disorders	6.5	6.6	-0.1	
Genitourinary System Disorders	1.9	1.8	0.1	
Injuries	4.2	4.3	-0.1	
Respiratory	2.3	2.2	0.1	
Severe Visual Impairments	1.8	1.9	-0.1	
Digestive system	1.8	1.8	0.0	
Other impairments	16.9	16.5	0.3	
Unknown Impairments	0.1	0.1	0.0	
Years Since Onset of Disability (percent)				
Less than 2 years	33.2	33.0	0.2	0.526
2 to less than 4 years	21.9	21.9	0.0	
4 to less than 6 years	8.9	9.1	-0.2	
6 to less than 8 years	7.7	7.8	-0.1	
8 to less than 10 years	6.3	6.3	0.0	
10 to less than 12 years	4.3	4.2	0.1	
12 or more years	17.8	17.7	0.1	
Monthly SSDI Benefits (\$)	1,010.80	1010.70	0.10	0.993
Number of Months Received SSDI	77.2	77.4	-0.2	0.756
SSDI-Only (percent)	83.0	83.0	0.0	0.910
Concurrent Beneficiary (percent)	17.0	17.0	0.0	
F Statistic	F value =	1.032		0.418

Source: BODS.

Note: Chi-square tests used to test the multiple option categories, which included age categories, primary impairment, years since onset of disability, SSDI/concurrent status, and completed TWP. T-tests used for bivariate comparisons, which included mean age, months received SSDI, and monthly SSDI benefits. An F-test was used to test whether differences existed across the group of all characteristics in the exhibit.

*=0.10 level, **=0.05 level, ***=0.01 level

A small share of those eligible for the BOND sample were either Disabled Adult Children (DAC) who were the auxiliary beneficiaries of primary SSDI beneficiaries (that is, disabled worker beneficiaries) who were also eligible. The BOND random assignment and solicitation process treats such cases independently. As a result (data not shown), there are a small number of disabled workers and DACs in T1 who have an auxiliary DAC and disabled worker (parent) in the C1 group, though these cases represent less than 1 percent of T1 subjects. There are also other pairs of primary and auxiliary beneficiaries in separate BOND groups. Although they represent a small share of the sample in each BOND group, the fact that they are assigned to different groups might potentially affect their behavior. Hence, when we conduct the impact analysis we will consider the sensitivity of the estimates to exclusion of such beneficiaries from the sample.

Across BOND subjects (we refer to the T1 characteristics for simplicity), just over half of the beneficiaries were male, and their mean age was 47 in April 2011. Their medical eligibility for SSDI was based on a diverse set of primary impairments. Most study subjects have mental disorders (30 percent) or back or other musculoskeletal problems (24 percent) as their primary impairment. The average SSDI benefit was approximately \$1,011, and 83 percent received only SSDI benefits.⁵⁴ Approximately half of the beneficiaries had been on the program for less than 4 years, which reflects the intentional oversampling of short-duration beneficiaries described in Section 2.

3.2. Stage 1 Subject Characteristics Vary by Site

Exhibit 3-2 examines the variation in Stage 1 BOND subject characteristics across sites (T1 and C1 Core subjects for each site are combined in this exhibit). Variation in these characteristics might lead to variation in the use of BOND services and, ultimately, to variation in BOND impacts. By design, site sample sizes are proportional to the number of SSDI beneficiaries in the site. The South Florida and Alabama sites have the largest samples, and the DC Metro and Colorado/Wyoming sites have the smallest. In general, the characteristics are similar in all sites and match the general pattern of characteristics summarized in Exhibit 3-1.

⁵⁴ The remaining 17 percent concurrently receive SSI.

Exhibit 3-2. Select Characteristics of BOND T1 and C1 Core Subjects Prior to Random Assignment in April 2011, by Site

Characteristic	Alabama	Arizona/ SE California	Colorado/ Wyoming	DC Metro	Greater Detroit	Greater Houston	Northern New England	South Florida	Western New York	Wisconsin	Relative Range
Sample Size	22,513	15,554	11,083	8,440	15,847	13,844	15,624	24,470	15,666	15,777	
Percent Male	50.4%	52.7%	52.3%	51.7%	50.4%	52.9%	51.6%	53.1%	51.4%	51.0%	5.2%
Mean Age (years)	47.9	47.6	47.7	46.9	47.6	47.3	46.0	48.0	47.2	46.8	4.3%
Monthly SSDI Benefits (\$)	982	1,037	1,023	1,060	1,069	1,021	973	1,011	976	994	9.5%
SSDI-Only (percent)	82.7%	85.1%	84.8%	86.4%	83.0%	82.7%	81.9%	84.0%	78.5%	82.1%	9.4%
Short-Duration (36 months or less)	50.0%	45.0%	50.0%	53.6%	54.5%	51.7%	45.8%	50.9%	48.2%	50.8%	19.0%

Source: BODS.

Note: The relative range for each variable is defined as the difference between the largest and smallest value divided by the mean.

In the last column of Exhibit 3-2, we present a measure of the relative cross-site variation in the mean for each variable. The relative range is defined as the difference between the largest site mean and the smallest site mean divided by the mean for all T1 and C1 core subjects. The relative ranges are modest for gender, age, benefit amount, and SSDI-only status⁵⁵—less than 10 percent for each. The relative range is larger for the percentage of short-duration beneficiaries (19 percent), which is notable because we expected the percentage of short-duration beneficiaries using the offset to eventually be larger than that of long-duration beneficiaries (see Bell et al. 2011). We do not expect these differences to be evident in this report, as it will take some time for many short-duration beneficiaries to accumulate TWP months before they can take advantage of the offset. However, this difference may be important for long-term outcomes from BOND. The percentage of short-duration beneficiaries varies from 45 percent in Arizona to 55 percent in Greater Detroit.

3.3. Many T1 Subjects Have Completed TWP Months

Exhibit 3-3 shows statistics for the TWP status of T1 subjects in total and by site as of October 2011. Unlike the statistics in Exhibits 3-1 and 3-2, which were drawn at baseline, those in Exhibit 3-3 represent TWP status as of October 2011. These statistics reflect updates to beneficiary records that occurred in mid-October 2011, substantially after the initial mailings. This update had an important implication for service delivery, as described in Section 4. Our findings imply that up to 10 percent of the T1 subjects are now eligible to use the benefit offset because they are TWP completers (if they had also completed their three GP months) and up to 14 percent could be eligible within a year because they were TWP starters as of October. Of course this does not mean they are actually able or willing to earn more than the BYA. As we will discuss in Section 4, there are many reasons why T1 subjects who have completed the TWP might not use the offset.

Exhibit 3-3. T1 Subject TWP Status as of October 2011, by Site

Site Office	Total	TWP Started		TWP Completed	
		Number	Percent	Number	Percent
Alabama	11,255	939	8.3%	700	6.2%
Arizona/SE California	7,782	1,165	15.0%	844	10.8%
Colorado/Wyoming	5,549	933	16.8%	720	13.0%
DC Metro	4,220	637	15.1%	496	11.8%
Greater Detroit	7,930	930	11.7%	693	8.7%
Greater Houston	6,927	873	12.6%	614	8.9%
Northern New England	7,809	1,375	17.6%	1,012	13.0%
South Florida	12,238	1,587	13.0%	1,212	9.9%
Western New York	7,838	1,074	13.7%	795	10.1%
Wisconsin	7,892	1,382	17.5%	1,001	12.7%
Total	79,440	10,895	13.7%	8,093	10.2%

Source: BODS.

Notes: The “TWP Started” group includes T1 subjects who have started or completed the TWP. The “TWP Completed” group includes only those who have completed the TWP.

⁵⁵ SSDI-only is defined as SSDI beneficiaries who do not receive any SSI.

TWP status also varies by site, indicating that the initial use of the offset and other services, such as WIC, might also vary by site early in the demonstration. Only 6 percent of Stage 1 subjects at the Alabama site and 9 percent at the Greater Detroit site had completed a TWP. The lower proportion of TWP starters and completers in Greater Detroit is not surprising given the relatively high concentration of short-duration beneficiaries there (Exhibit 3-2), but that cannot explain the low TWP statistic for Alabama. Conversely, the Colorado/Wyoming and Northern New England sites had TWP completion rates of approximately 13 percent. The high value in Northern New England reflects the low percentage of short-duration subjects in that site, but short-duration subjects in Colorado/Wyoming account for almost exactly half of the sample.

Given the six-year duration of the demonstration, the pool of potential offset users will grow if T1 subjects move along the work path through the TWP and into the 60-month offset participation period. Growth in potential offset users will likely be larger for short-duration beneficiaries than for long-duration beneficiaries (see Bell et al. 2011 for more details).

4. Early Implementation Experiences

In this section, we present quantitative and qualitative evidence on the use of Stage 1 services. We use information from BODS to provide quantitative information on outreach and delivery of BOND services. We supplement these findings with qualitative findings from evaluation team visits and phone calls to BOND operational entities at the 10 demonstration sites.⁵⁶ We use these findings to further investigate implementation of Stage 1 services in the first six months of operation and to help interpret the quantitative service data. As planned, we limited our interviews to the major BOND operational entities, including BOND implementation staff, BOND site office staff, and WIC counselors.⁵⁷ Hence all information about the activities of the Call Center, BOND Processing Center, and the SSA Work CDR unit comes from other sources. We will conduct additional interviews in the next round of site visits and document the activities of these entities in future reports.⁵⁸

As described in more detail in Section 2, T1 subjects can enter through the front door by engaging the infrastructure in one of the following ways:

- **Initial Step:** A T1 subject may take an initial step through the front door by contacting the Call Center or BOND Site Office, either in response to the mailings or following referral by an SSA field office. Staff in either unit will provide him or her with information about the offset and available services, such as WIC.
- **Mediating Steps:** A T1 subject may take another step in learning about BOND by visiting a WIC to receive benefits counseling. A T1 subject may also provide documentation of past earnings to support completion of a work CDR if needed to establish TWP and GP status; and
- **Ultimate Step:** A T1 subject may take the ultimate step by providing an annual earnings estimate to have the offset applied to his or her benefits to avoid an under- or overpayment.

We define T1 subjects who enter the front door as those who have made an initial contact with the BOND Site Office or Call Center (initial step). During the initial contacts, T1 subjects might have specific questions about BOND, in which case they will be referred for WIC services (mediating step). Additionally, during the initial contact, T1 subjects who are working (or who recently worked) might be identified as needing a work CDR (a mediating step) to determine their TWP and GP status or to adjust their benefits. The BOND Site Office is to follow up with T1 subjects who need a work CDR, and completed work CDR packages are submitted to the BOND Processing Center at Mathematica Policy

⁵⁶ The first round of qualitative data collection included telephone interviews in May and June 2011. These interviews focused on relevant environmental characteristics of the BOND sites. The second round of data collection included more in-depth site visits conducted between August and November 2011. The interviews in the second round focused on BOND operations.

⁵⁷ We did not interview staff at the Call Center or the BOND Processing Center. We also did not interview staff at the SSA Work CDR Unit.

⁵⁸ As documented in Bell et al. (2011), the process study will include a total of seven rounds of data collection. A complete description of implementation findings will be documented in the Interim Process Study and Final Reports.

Research for review and completion. The BOND Processing Center then transmits the information to the SSA BOND work CDR unit for review, and if warranted, benefit adjustment (ultimate step). T1 subjects who have a cessation date and expect to earn enough to use the offset for at least part of the year are to provide an annual estimate of earnings to a WIC or BOND Site Office. Annual earnings estimates are then transmitted to SSA via BODS.

T1 subjects who do not proactively contact the demonstration still have the offset applied to their 2011 benefits retroactively via the back door, when SSA reviews reports of earnings from any source, including the IRS earnings (starting in March of the following year)—well after the period covered by this report. In cases where SSA data suggest that the nine-month TWP is complete, SSA initiates a work CDR by requesting from the beneficiary documentation of earnings and use of work incentives. Work CDRs initiated in this way may lead to application of the benefit offset. SSA will consider application of the benefit offset retroactively if 2011 earnings are above BYA. Should a beneficiary's earnings reach that point, SSA will offer him or her an opportunity to submit additional information. If SSA subsequently concludes the beneficiary has completed the TWP and GP months, it will apply the benefit offset.

We find that the BOND team and SSA completed the setup of the essential BOND operational components and mailed outreach letters to T1 subjects as designed. The entire BOND infrastructure (described in Section 2) was set up and initially staffed. Additionally, the mailings went out as scheduled, and there were few returned mailings.

BODS data show that the nearly 80,000 T1 subjects engaged with the BOND infrastructure as follows through October 2011:

- **Initial Step:** Approximately 6 percent of T1 subjects (4,840) had an initial contact with a BOND Site Office or the Call Center. As expected, the contact rates were higher among those closer to using the offset. Among the 8,093 TWP completers, 12 percent (827 T1 subjects) had an initial contact.
- **Mediating Step:** Approximately 1 percent of all T1 subjects (1,024) received WIC services. That proportion constitutes 17 percent of those who contacted a Site Office or the Call Center.
- **Ultimate Step:** By October 2011, SSA had applied the offset to the benefits of only 21 T1 subjects. However, we expect that the number of BOND users could rise to more than 800 T1 subjects or perhaps over 1,000 based on our projections.

This might mean that SSA will eventually adjust the 2011 benefits of most of the 827 TWP completers among T1 subjects who have been in touch with the demonstration. However, it could also be that many T1 subjects who will eventually have their 2011 benefits adjusted have not yet contacted the demonstration. Some might yet do so, while others will enter the offset via the back door. Examination of the paths taken to offset entry by these early entrants will be an important topic for later reports.

Qualitative evidence from the site visits with BOND operational entities suggest that limitations of outreach and program operations help explain why so few subjects were using the offset by the end of October, but the quantitative importance of such limitations are unclear. The outreach letter on its own might not have convinced all those who could benefit from the offset to contact the demonstration, for multiple reasons. The outreach letter did not urge those interested in using the offset to contact the

demonstration or describe the services available; it just described how the subject could obtain additional information. A subject who sought verification or more information from a trusted, independent source might or might not have found it. We heard multiple reports from multiple sites of misinformation provided to T1 subjects from normally reliable entities not directly involved in the demonstration, including state vocational rehabilitation agencies and SSA Field Offices. We also found that processes designed to support entry of T1 subjects into the benefit offset were not yet functioning as well as intended.

This section begins with more information on T1 subject use of the offset through October 2011. We also describe the information behind the projection for the number whose 2011 benefits will eventually be adjusted under the offset. We then examine the BOND infrastructure, with special attention to aspects of the infrastructure that might help explain why the number whose benefits have been adjusted already is so much lower than our projection for the number who will ultimately have their 2011 benefits adjusted under the offset. Specifically, we review the development of the BOND infrastructure, outreach to T1 subjects, the response to outreach by T1 subjects, and the services provided to T1 subjects through the BOND Site Offices and WIC providers.

4.1. Initial Payment of Benefits Under the Offset is Low But Expected to Grow

As of October 2011, a total of 21 T1 subjects had had benefits paid under the offset rules, reflecting only those who had already entered through the front door as of this date. As will be described in more detail below, some additional T1 subjects will come through the front door later in the year and likely more will enter through the back door in 2012. It is difficult to estimate how many T1 subjects will enter through each door, but we expect that ultimately the number of overall BOND users in 2011 will reach at least 800 and perhaps more than 1,000 as explained below in this section.

4.1.1. Number of Offset Users Who Entered Through the Front Door Was Limited Through October

There are a number of considerations that help put the number of offset users through October 2011 (21) into perspective. The offset cannot be applied until beneficiaries have completed their TWP and GP and only 10 percent of T1 subjects had completed their TWP as of October 2011. Even so, less than half a percent of TWP completers had benefits paid under the offset by that point (21 of 8,093 beneficiaries).

There are four primary reasons why TWP completers might not enter the benefit offset immediately. First, some might not have completed their GP. Others might not currently be ready to work. For example, some T1 subjects, especially long-duration subjects, might have completed their TWP several years ago and are no longer in a position to return to work because of their impairment. Others may believe they lack the capacity to work, not be interested in working, or lack access to jobs, and thus not be engaged in SGA. Second, even those who are able to work, might not be able to earn more than the BYA. As noted in Stapleton et al. (2010), completion of the TWP does not imply ability to engage in SGA, because it is not necessary to engage in SGA to complete the TWP. This is the case because the minimum earnings amount that counts as a TWP month (\$720 in 2011) is below the SGA amount (\$1,000 for a non-blind beneficiary in 2011). Further, long-duration subjects might have completed some or all of their TWP months before 2001, when the minimum amount was much lower, even after adjustment for wage inflation. Third, some of those with earnings above the BYA and already eligible for partial benefits will not have reported their earnings soon enough for partial payments under the offset to begin by October.

The offset users as of October include only those whose benefits had already been adjusted. It does not include those whose 2011 benefits will be adjusted later, either via front door or back door entry. Future offset users will only be identified once they have successfully completed the process of submitting an acceptable earnings estimate for 2011, or after they enter the offset via the back door when SSA acquires and reviews their 2011 IRS earnings amount in the fall of 2012. The low number of currently identified offset users—the 21 beneficiaries who have actually been paid a partial benefit under the offset rules as of October 31—raises the question of why so many unidentified 2011 users likely exist among T1 subjects.

4.1.2. Number of Offset Users In 2011 Will Increase in the Future

To provide an indication of the extent to which the number of 2011 BOND users might grow as more T1 subjects enter the offset by the front and back doors, we draw on two sources. The first is data on earnings for a sample of SSDI beneficiaries in 2009 who had completed their TWP.⁵⁹ There could be differences between the experiences of T1 BOND subjects in 2011 and the 2009 sample, though these data provide a reasonable approximation of the initial experiences under BOND. The experiences of the 2009 beneficiary group suggest that the number of expected T1 BOND users for 2011 will be substantially higher than the 21 beneficiaries shown above.⁶⁰ The second source is data on cessation dates for T1 subjects who might eventually have the BOND offset applied to their 2011 SSDI payments. As noted in Section 2, T1 subjects who engage in SGA after completion of their GP months will have their benefits adjusted under the offset. The number of T1 subjects with a cessation date, which occurs in the first GP month, provides a rough estimate of the number of potential offset users in 2011. As with the TWP completers, there might be reasons that these subjects do not use the offset (for example, they are not currently engaged in SGA).⁶¹ Nonetheless, these data are indicative of the potential magnitude of the eventual number of 2011 offset users.⁶²

⁵⁹ The evaluation team was able to access earnings information for a 20-percent nationally representative sample of 2009 beneficiaries. As required by law, the earnings tabulations from 2009 caseload data reported here were completed by a qualified SSA employee.

⁶⁰ Apart from coming from a different year and economic environment, the 2009 sample should be quite comparable to the T1 subject sample since it was selected to be nationally representative of all SSDI beneficiaries meeting the BOND eligibility criteria in 2009 (just as the BOND sample was selected to be representative of all national beneficiaries meeting BOND eligibility criteria in 2011). However, as differences in environmental factors might cause predictions for T1 subjects in 2011 based on the 2009 national sample to be incorrect. It is important to note that the 2011 economy, although weak, is somewhat stronger than the 2009 economy, which suggests that, if anything, the earnings of the T1 subjects in 2011 ought to be somewhat higher than those of the 2009 beneficiaries. Another important difference is that short-duration subjects are overrepresented in the BOND sample, by design. It is unclear how that will affect the 2011 entry into the offset relative to the projections based on the 2009 beneficiary sample. Short-duration subjects are less likely to have completed the TWP as of assignment to the sample, but those who have completed the TWP might be more likely to use the offset.

⁶¹ Those with cessation dates in the past, especially in the distant past, might not be able to engage in SGA any longer or might not have a job. Conversely, some might be encouraged by the offset to return to SGA.

⁶² We view this as a lower-bound estimate of cessation dates. The BOND team received data on cessation dates for October, just before the writing of this report and, as will be described below, some of the SSA administrative data fields have may not be final. Pertinently, more TWP completions and cessation dates might be identified as further cases are processed.

Based on the experiences of a large national sample of beneficiaries in 2009, we estimate that at least 1.0 percent of T1 subjects—at least 800 subjects—will eventually be identified as offset users for 2011. Specifically, we find that 1.0 percent of 2009 beneficiaries would have met the BOND eligibility criteria, completed their TWPs in an earlier year, and had earnings above BYA in 2009. The actual percentage of offset users in 2011 could be even higher because the offset might cause some TWP completers among T1 subjects to earn above BYA in 2011, whereas their 2009 counterparts would not have done so lacking the offset's work incentives. Indeed, the 2009 statistics imply a substantial number of additional T1 subjects might be in a position to quickly use the offset. An estimated 1.4 percent of SSDI beneficiaries in 2009 had completed the TWP at least one year earlier and had earnings between half of BYA and BYA. Based on that statistic, and making no adjustment for oversampling of short-duration beneficiaries, we project that 1,120 T1 subjects would be in the same category in 2011 under current rules.⁶³ If just 20 percent of such TWP completers earn above BYA in 2011 because of the offset, adding those 224 subjects to the 800 or so TWP completers projected to have earnings above BYA under current law suggests that SSA will eventually adjust the 2011 benefits of more than 1,000 T1 subjects.

Current cessation date statistics for T1 subjects are consistent with the earnings projections that the number of T1 users could increase to 800 or perhaps over 1,000 users by the end of 2011. Of the 8,093 T1 TWP completers, 3,672 subjects had a cessation date in or prior to October 2011. Among those 3,672 T1 subjects, 1,038 had a relatively recent cessation date (2008 or later). These 1,038 T1 subjects are important in considering the potential for early offset use because they have had at least one month of SGA in the previous two years and hence, could also be immediate offset users. There are also likely to be some offset users who do not have recent cessation dates and many with recent cessation dates who might not use the offset. Nonetheless, these data support the earnings projections from the 2009 national sample.

It might be that some who ultimately entered the offset in 2011 had already begun that process by October 31 by contacting the Call Center and starting to provide the necessary information to have the offset applied. Whether or not this is so, there will very likely be a significant increase in the application of the offset to the 2011 benefits of T1 subjects; those who do not enter the offset through the front door will enter through the back door.

In summary, many TWP completers are not likely to be good candidates for immediate offset use, and that is likely the primary reason that the number of T1 subjects who were already receiving reduced benefits under the offset as of October 2011 is much lower than the number of TWP completers. At the same time, our projections above suggest that SSA will eventually adjust the 2011 benefits of 800 or more T1 subjects to reflect the offset. Perhaps that projection is off for reasons we have not anticipated, but it seems almost certain that the count of 2011 offset users will eventually far exceed the 21 users identified as of October 2011.

Given the small number of identified users as of 2011, it is likely that the offset will be applied retroactively to most of the subjects who will eventually have their 2011 benefits adjusted after October

⁶³ This includes those whose benefits were terminated due to SGA, medical improvement, death, or attainment of the full retirement age during the year, but does not include those who completed the TWP during the year.

2011. That will mean overpayments for those who continue to receive benefits after their GP months, but underpayments for those whose benefits have already been suspended. Some of these beneficiaries are in the process of entering the benefit offset through the front door. Others will enter the benefit offset through the back door; for them any overpayments or underpayments will accumulate for many more months.

The logic model for the offset expects those T1 subjects with an interest in working to respond to the letter by contacting the BOND infrastructure, at which point they will learn more about the opportunity. Then, having learned that the offset makes work pay, the model expects those earning less than the BYA to increase their earnings. Given this expectation and the low number of early contacts from T1 subjects, it is important for the evaluation to monitor contacts in future analyses and reports. We will also monitor the number entering through the back door, but we expect most such subjects to already be earning more than BYA.

The low number of front-door entrants into the offset through October might be an early signal of lack of interest in the offset, despite a level of understanding by T1 subjects that is comparable to what their understanding would be under a national program. There are two other possibilities, however. First, demonstration procedures of relevance to T1 subjects (particularly, benefits counseling and work CDR development) might not yet be functioning at the level intended, particularly benefits counseling and work CDR development. Second, T1 subject understanding might not yet be comparable to what it would be under a national program, despite demonstration outreach efforts. The remainder of this section examines the available evidence on these issues.

4.2. Development of the BOND Infrastructure

Implementing BOND involved recruiting organizations to provide Stage 1 and 2 services, including hiring individuals to staff the BOND Site Offices, developing a training program, organizing technical assistance, establishing reporting mechanisms, disseminating information, and developing a mechanism for adjusting benefits. SSA and the BOND team have made a concerted effort to develop the infrastructure necessary to execute a large-scale demonstration program in a very short time and within an environment with substantial technical, institutional, and programmatic constraints. This infrastructure was implemented over a one-year period and included creation of several new operational entities that had to be staffed and trained so that the T1 mailings could go out as scheduled. As described in Section 2, these new entities include the BOND Site Offices, WIC providers, the BOND Call Center, the BOND Processing Center, and BOND Central Operations.

During our telephone calls with service providers at BOND sites and review of unemployment statistics in May and June 2011, we found that the economic and service environment varied substantially by site. Natural disasters temporarily hindered operations in parts of two sites. These environmental factors might have influenced the ability of sites to develop the infrastructure for BOND. They might also have influenced the extent to which T1 subjects contacted the demonstration and used demonstration services.

4.2.1. Most BOND Site Offices and WIC Organizations Are Fully Staffed

The BOND team has been successful in hiring staff for the BOND Site Offices. Each BOND Site Office was staffed by three people: a BOND Site Director and two BOND Specialists. All of the BOND Site Office staff had experience in either the disability field or human services. Nine of the 10 Site Directors had both types of experience. In nine sites, Specialists had experience in both disability services and

human services-related work, including case management. What most BOND Site Office Directors and staff lacked was experience with disability benefits counseling services. Only one Site Director and three Specialists had experience in this area. Those with no experience found compilation of information for the work CDRs and other benefits counseling tasks to be quite challenging.

The BOND team was also responsible for recruiting, vetting, and awarding subcontracts to organizations in each site to provide WIC services. These provider organizations in turn hired and managed WIC counselors and in some cases identified other organizations to assist with service provision throughout the BOND service area. WIC counselors were often benefits counselors for the WIPA program.⁶⁴

There have been vacancies in the BOND Site Offices in some of the sites due to staff turnover and medical leave, though almost all agencies were fully staffed as of November 2011.⁶⁵ Six of the 10 Site Offices experienced some staffing disruption, lasting on average between two and three months. Sites required to hire new staff had to wait an additional two months for the security clearance before the new staff could begin serving beneficiaries. In two sites, the Site Director was replaced (Alabama) or went on extended medical leave (Greater Houston). In three sites (DC Metro, Greater Detroit, and South Florida), a Specialist position was vacant or the staffer was on short-term disability when we visited. In one site, Western New York, both the Site Director and a Specialist position were vacant during roughly the same period. In all of these sites, respondents talked about how these vacancies created temporary disruptions in service delivery. While the BOND team and staff from other offices assisted during these temporary vacancies, these BOND Site Offices reported some difficulty with accessing needed resources (for example, mailing materials and information in BODS). In addition, Site Directors and WIC counselors said that temporary vacancies limited outreach efforts to educate community partners about BOND. As of November 2011, eight of the 10 BOND Site Offices were fully staffed.

Before working with T1 subjects, all BOND Site Office and WIC staff had to receive a security clearance from SSA, which can take up to several months. This creates significant challenges in planning and delivering services. In some sites, WIC staff had been hired but could not serve beneficiaries while they were waiting for their security clearance when T1 enrollment started. Across the sites, BOND Site Office and WIC providers noted delays of many months in obtaining clearance. Adapting to the delays, the BOND team staggered mailings in sites that were waiting for clearances. As of October 2011, SSA had approved nearly all of the applications for security clearance.

4.2.2. Trainings on BOND Policies and Procedures Were Intensive, but BOND Staff Identified Several Limitations

The BOND team provided in-person, online, and webinar trainings based on the requirements of each BOND position. It also sent multiple emails each week to clarify BOND policies and procedures. Training was a major task because of the large staff at the BOND Site Offices and WICs (30 people employed by the BOND Site Offices and over 170 staff working at WIC providers) and the challenges in disseminating information about the complexity of demonstration rules.

⁶⁴ Some WIC counselors had no previous experience with benefits counseling though most had at least a human services background.

⁶⁵ We did not systematically attempt to address turnover by WIC counselors, as some sites were still in the stage of hiring these staff. Our future reports will document WIC counselor turnover.

During our site visits, respondents shared four primary critiques of the trainings. First, despite the volume of information provided, respondents in all sites said that they did not fully understand the process for serving beneficiaries. Many said that they figured out the process mostly by doing it. Second, the training format, mostly online and by webinar, did not match the learning styles of some of the staff. Respondents in eight of the sites said that they preferred the hands-on classroom training over the webinar format, especially for the training on BODS and ETO. Third, WIC provider staff at six sites said that too much time passed between the initial training and the start of service delivery. They said that they had forgotten a lot of the information during the two- to three-month gap. Finally, three of the WIC provider supervisors, who typically juggled their time across multiple programs, said that the trainings were scheduled with short notice. Lack of lead time, they said, was disruptive to their work schedules.

4.2.3. SSA Made Internal Changes to Implement BOND

As noted in Section 2, SSA developed a separate Work CDR Unit within SSA and, more importantly for early implementation activities, shifted the initial responsibilities for completing work CDR forms from the local SSA field offices to the BOND Site Offices and WIC providers. As will be described in more detail below, there were some growing pains associated with this shift as BOND Site Offices and WIC staff tried to become familiar with the work CDR process. The BOND staff had little or no experience in obtaining earnings information from SSDI beneficiaries, whereas obtaining such information is a routine activity for staff at SSA field offices. Further, unlike the field office staff, BOND staff did not have access to the SSA's eWork data system, which provides information on work reports made by beneficiaries and keeps track of their reported earnings. Instead, the BOND team had to rely on data in BODS and other information that SSA pulled from its administrative data systems, which were updated less frequently and completely. According to the BOND team, the lack of access to eWork created challenges in populating necessary benefit inquiry forms for the work CDRs.

This situation was made more complex by a change in the process instituted in May 2011. Originally, site offices and WIC staff were to complete the initial Work CDR development form by collecting employment and earnings information from beneficiaries. SSA modified this process to send forms directly to the beneficiary. The forms were pre-populated with beneficiary earnings known to SSA (or to the site office or WIC upon request). The beneficiary was to verify the information, sign the form, and return it to BOND Central Operations, which forwarded the form to the site office or WIC for further development. This change required creation of new workflows, development of training materials, and re-training of all site office and WIC staff, and it increased the confusion in the field about work CDR processes.

4.3. Outreach and Initial T1 Response

The BOND sites conducted two types of outreach: community outreach to non-BOND agencies and organizations in the site that were likely to be in contact with demonstration subjects, and outreach to subjects selected for T1 or the Stage 2 solicitation pool.

Community outreach in the 10 site areas was complicated by their geographic size and, for some, that they spanned multiple states. To be effective, outreach needed to be conducted in a short period of time, not too far in advance of the demonstration. During site visits, we found that the amount of community outreach varied substantially by site. At one extreme, the site directors in two sites successfully leveraged

their substantial connections to the community to conduct extensive outreach. At the opposite extreme, staff turnover in two sites substantially limited the amount of outreach conducted. The geographic size and complexity of some sites made it especially problematic to reach all relevant agencies and organizations. In one large and complex site where outreach was extensive, we heard multiple reports that it was ineffective, primarily because it targeted organizations that were not in contact with many SSDI beneficiaries.

The BOND team successfully sent letters to the vast majority of T1 subjects. Subsequent beneficiary contacts with the demonstration have been limited to date. Although this might mean that a substantial number of beneficiaries did not receive, read, trust, or understand their letters, that is not necessarily so. Nor does it necessarily imply that the information T1 subjects have differs substantively from the information that beneficiaries would have about offset rules and procedures under a national program. However, there were qualitative reports that some non-BOND agencies might have been confused about the BOND letter, which created some challenges in providing Stage 1 supports to T1 subjects. Presumably, the confusion by these non-BOND agencies would not exist if BOND were a national program. There were also some reports of confusion in response to the letter, though there is no way to know whether comparable confusion would exist under a national program. Below, we summarize experiences with BOND outreach and responses by T1 subjects.

4.3.1. All T1 Outreach Letters Were Mailed on Time and Few Were Returned Undelivered

The BOND team released outreach letters as planned (see Appendix A), and the letters appeared to reach most beneficiaries. All BOND Team mailings for the T1 subjects occurred as planned between May 12 and October 31, 2011.⁶⁶ The letters were sent to all T1 subjects and, if one existed, a representative payee. Initially, approximately 5 percent of T1 letters mailed were returned due to an incorrect beneficiary or representative payee address.⁶⁷ In these cases, the BOND team followed up to obtain an address for the beneficiary or representative payee by using an address locating service. At the end of the follow-up mailing in October, only a very small share of the letters—less than 1 percent (497 of the 79,440 T1 subjects)—were known to have not been delivered due to an incorrect address for both the T1 subject and representative payee.⁶⁸ These findings indicate that nearly all of the letters were delivered. However, we do not have information on how many recipients actually read the letter, and do not know how the affected T1 subjects reacted to the information, apart from the proactive efforts of a minority to contact the demonstration for more information and potentially to use demonstration services.

As required by the rules change, SSA also sent its own legal notice to T1 subjects or their representative payee (see Appendix B), as scheduled, shortly after the BOND team letter. As above, there is no way to assess how many T1 subjects read, understood, and trusted the letter.

⁶⁶ Batches of letters were sent approximately every two weeks, except for early July, when no letters were mailed. The first two mailings included approximately 6,500 cases in each batch. As program operations ramped up, the volume increased to over 13,000 cases per mailing. A final mailing in October was updated to include letters that were initially returned. In total, the BOND team sent letters to all T1 subjects and 13,333 representative payees.

⁶⁷ In total, 4,347 T1 beneficiaries had an incorrect address. In addition, 359 representative payees had an incorrect address.

⁶⁸ Additionally, in 4 of 79,440 cases there was no address information for the beneficiary so no letter was sent.

4.3.2. The Content of the Outreach Letter Did Not Strongly Emphasize Contacting the BOND Project

A potentially problematic feature of the outreach letter is that—apart from mention of work incentives counseling—it did not tell beneficiaries about the services the demonstration offers nor tell them that they *should* contact the demonstration if they want to use the offset. Instead, it only provided information on how to obtain more information about BOND. For that purpose, the letter referenced the BOND website and the call-in number, but it did not mention the BOND Site Office in the beneficiary's area. SSA's legal notice also included the BOND website and call-in number but provided no additional information about demonstration services.

As a result, some T1 subjects who read the letter might not have thought they needed to contact the demonstration and enter through the front door. Such beneficiaries are, in fact, right, because they will eventually enter the offset via the back door when SSA discovers earnings above BYA based on work CDRs or during year-end reconciliation. The advantage of front door entry is that it more quickly enables T1 subjects to fully understand the BOND incentive and its benefits and to potentially adjust their work efforts and earnings and benefits sooner. Those who enter via the back door lose this early opportunity to benefit from BOND and use demonstration support services, including the opportunity to minimize or avoid underpayments or overpayments.

There is, however, no way to determine how many subjects failed to contact the demonstration because they did not understand or trust the outreach letter. We did not interview beneficiaries for this report.

4.3.3. Use of the Website by T1 Subjects Has Been Limited

BOND Site Office and WIC provider staff indicated that the website was not a key resource in their discussions with T1 subjects. We cannot track whether T1 subjects accessed the website. However, we do know that the website had 12,000 visitors between May and October 2011. Hence, even if all these visitors were unique T1 subjects, which is doubtful, this finding supports the qualitative finding noted above that the vast majority of the 80,000 T1 subjects did not access the website.

4.3.4. T1 Subject Contacts with BOND Have Been Limited

As noted, T1 subjects may contact the BOND Call Center or Site Office and complete the initial contact process. These initial exchanges also provide T1 beneficiaries with an opportunity to learn more about the demonstration, ask questions, and obtain WIC provider information. Exhibit 4-1 shows the number of initial contacts occurring in each site through October 31, 2011. As in Section 3, we present separate figures for those who were TWP starters and the subset of the latter who were TWP completers.

Exhibit 4-1. Initial Contacts (Setups) to the BOND Site Office or Call Center Following Initial Letter by T1 Subjects as October 2011, by Site

Site	Total		TWP Started		TWP Completed	
	Number of T1 Subjects	Initial Contacts (percent)	Number of T1 Subjects	Initial Contacts (percent)	Number of T1 Subjects	Initial Contacts (percent)
Alabama	11,255	5.7%	939	10.5%	700	10.7%
Arizona/SE California	7,782	5.6%	1,165	10.0%	844	9.4%
Colorado/Wyoming	5,549	6.5%	933	10.4%	720	9.9%
DC Metro	4,220	8.6%	637	13.2%	496	11.9%
Greater Detroit	7,930	5.8%	930	9.6%	693	7.9%
Greater Houston	6,927	6.5%	873	10.4%	614	10.6%
Northern New England	7,809	5.0%	1,375	9.5%	1,012	10.3%
South Florida	12,238	6.3%	1,587	8.9%	1,212	9.4%
Western New York	7,838	5.6%	1,074	10.8%	795	12.2%
Wisconsin	7,892	6.5%	1,382	10.9%	1,001	10.7%
Total	79,440	6.1%	10,895	10.3%	8,093	10.2%

Source: BODS.

Notes: Initial contact percentages are for T1 subjects with a BODS record set up after the beneficiary contacted the BOND Site Office or BOND Call Center. The "TWP Started" group includes T1 subjects who have started or completed the TWP. The "TWP Completed" group includes only those who have completed the TWP.

Of the total of 79,440 T1 subjects sent outreach letters, 6.1 percent (4,840 T1 subjects) made an initial contact.⁶⁹ Most sites had initial contact rates roughly between 5 percent (Northern New England) and 7 percent (Wisconsin), though one site had initial contact rates of 9 percent (DC Metro).⁷⁰ The limited cross-site variation likely reflects the use of a uniform outreach method and similarities in beneficiary characteristics across sites (see Section 3). The low contact rate in Northern New England is a surprise, given that this site has a relatively large concentration of T1 subjects who have at least started the TWP (Exhibit 3-3). The high rate for DC Metro does not reflect an exceptionally high rate of TWP completion, though it might reflect the region's relatively strong labor market and urban setting.⁷¹

The initial contact rates for the TWP Started and TWP Completed groups were higher than rates for T1 subjects overall—approximately 10 percent for both, compared to 6 percent for all T1 subjects. Across

⁶⁹ There were an additional 394 initial contacts who did not complete the set-up process. The full set-up process includes explaining BOND and its revised earnings reporting requirements, providing a referral to a WIC, and doing a preliminary Work CDR screening. When all of these steps are done, the initial contact is marked as "complete."

⁷⁰ Of the 4,840 T1 subjects who had an initial contact, 923 had a follow-up contact with the Call Center or BOND Site Offices (data not shown). However, the reason for this contact was not recorded. Hence, we cannot determine the extent to which these contacts are indicative of effort to use the offset.

⁷¹ In future reports, we will assess the relationships between site characteristics and BOND outcomes in more detail. At this early stage, we do not have enough information on the characteristics of all sites to do so.

the sites, the initial contact rates for those who had started the TWP were similar to those who had completed it. The initial contact rates for those who had started the TWP ranged from 9 percent (South Florida) to 13 percent (DC Metro). For TWP completers, the initial contact rates ranged from 8 percent (Greater Detroit) to 12 percent (Western New York).

There were no explicit benchmarks set for the number of T1 contacts in the *Design Report*, though qualitative reports noted that the outreach letter could have created confusion on the part of T1 subjects on whether to contact the Call Center. Specifically, BOND Site Office and WIC staff interviewed in the field indicated that low initial contact rates might at least partially be attributed to outreach limitations, including the previously noted fact that the letter did not explicitly recommend that a T1 subject contact the demonstration, and instead just states that more information can be obtained from the Call Center's toll free number or the BOND website. We also heard reports from every site of T1 subjects who did not fully understand the offset or were fearful that the new rules might reduce or even terminate their SSDI benefits. Additionally, staff in six sites reported cases of T1 subjects who were discouraged from responding to the letter because service providers or SSA field office staff said they were not familiar with BOND and questioned its authenticity.⁷² The BOND team has special procedures in place to deal with issues of misinformation provided to T1 subjects. Specifically, site office staff, call center staff, and WIC staff all inform BOND management when these issues arise and every effort is made to contact T1 subjects to correct the problem.

4.4. Work CDRs Might Be Needed but Few Have Been Scheduled

Prior to offset entry, SSA must determine that the beneficiary has completed the TWP and has used up all GP months. This often requires completion of a work CDR and an SGA cessation decision. Reviews not completed in a timely fashion can delay entry into the benefit offset, result in overpayments, and possibly affect beneficiary employment behavior. Our findings below indicate that the Call Center and BOND Site Office staff identified a considerable number of T1 subjects as possibly needing work CDRs, but relatively few follow-ups have been scheduled by the BOND Site Offices as of October 2011. However, part of that limited follow-up is due to initial errors in identifying T1 subjects who might need a work CDR.

4.4.1. Delays in Scheduling Work CDRs

The Call Center and Site Office staff identified 13 percent of the 4,840 T1 subjects who had an initial BOND contact as potentially needing a work CDR (Exhibit 4-2). This low rate likely reflects the fact that many T1 subjects who made initial contacts were either not working or not earning close to SGA. As discussed further below, it might also be that BOND staff did not recognize the need for a work CDR because of incomplete or inaccurate information drawn from administrative records. TWP starters or completers in contact with a BOND Site Office or Call Center were much more frequently identified as potentially needing a work CDR (37 and 38 percent, respectively). The higher rates for TWP starters and completers are not surprising, given these subjects are more likely to be working than other T1 subjects.

The number of T1 subjects potentially needing a work CDR also varied across sites, ranging from 8 percent (Alabama and Greater Detroit) to 19 percent (Wisconsin) for all T1 subjects. As above, it is

⁷² Some of our interviewees at sites said that staff in SSA field offices in some areas thought BOND might be a scam and advised beneficiaries not to get involved with it.

possible that some of these differences reflect differences in the current employment of T1 subjects across sites. There is also a large gap between the number of beneficiaries initially identified as potentially needing work CDRs (13 percent) and the number of work CDRs initiated by the BOND Site Office or WIC (2 percent).⁷³ The number of work CDRs initiated by the BOND Site Office or WIC was also low among those who started the TWP; only 6 percent of those with initial contacts had a work CDR initiated, compared to 37 percent identified as potentially needing a work CDR during an initial contact. There were also variations in work CDR initiation rates by site. Some sites, such as Alabama, had a work CDR initiated for less than 1 percent of those with initial contacts.

During the site visits, staff noted several procedural aspects of work CDR processing that may have affected results. These issues involved multiple BOND operational components, including the Call Center, BOND Site Offices, WIC providers, T1 subjects, and SSA's BOND Work CDR Unit. They included:

- **The Call Center may have inaccurately identified T1 subjects as potentially needing a work CDR.** Staff in two Site Offices reported that several T1 subjects designated as potentially needing a work CDR might have been mislabeled and that, after further follow-up by WIC or Site Office staff, this error was discovered and these subjects were not scheduled for a work CDR. The initial mislabeling may have occurred because the “needs work CDR” designation in BODS was selected by Call Center staff from a drop-down menu when entering information into the system quickly.
- **BOND Site Offices and WIC Provider Staff Reported a Steep Learning Curve in Processing Work CDRs, as Well as Competing Priorities.** In seven of the 10 BOND Site Offices, the Site Director and Specialists had no experience compiling documentation for work CDRs. Respondents in all sites said that the learning curve for this task is steep and staff had to juggle multiple responsibilities, including recruitment responsibilities for Stage 2.⁷⁴ In addition, many of the BOND Site Office staff said that they did not have time to complete the work CDR forms given their other job responsibilities.⁷⁵ WICs brought more experience to the project; roughly three-quarters had previous experience as a WIPA benefits counselor. Even for those with experience, however, work CDR preparation and annual earnings estimates were new tasks. Finally, there was some confusion about whether the BOND Site Office or the WIC providers had the primary responsibility to undertake this work for T1 beneficiaries. Some sites met to negotiate an arrangement for conducting this work; other sites allowed T1 subjects to select the staffer with whom they would work.

⁷³ These estimates do not include work CDRs initiated by SSA.

⁷⁴ One WIC counselor estimated that it takes roughly a day to complete the work CDR development process if the beneficiary has all of the information.

⁷⁵ BOND Site Office staff described the extensive number of tasks they are required to complete, including making outreach telephone calls, responding to inbound inquiries from Stage 2 candidates, scheduling enrollment sessions, carrying out enrollments, and scanning and entering forms and data. WIC counselors also reported being stretched thin across multiple BOND and, in some cases, WIPA responsibilities.

Exhibit 4-2. Services Provided by BOND Site Office and Call Center Following Initial Contacts (Setups) as of October 2011, by Site

BOND Site	Total			TWP Started			TWP Completed		
	Number of Contacts (1)	Percent May Need CDR (2)	Percent Work CDR Initiated (3)	Number of Contacts (4)	Percent May Need CDR (5)	Percent Work CDR Initiated (6)	Number of Contacts (7)	Percent May Need CDR (8)	Percent Work CDR Initiated (9)
Alabama	646	8.0%	0.3%	99	32.3%	1.0%	75	29.3%	1.3%
Arizona/SE California	438	15.5%	3.4%	117	44.4%	4.3%	79	45.6%	6.3%
Colorado/Wyoming	358	15.4%	1.4%	97	36.1%	2.1%	71	40.8%	2.8%
DC Metro	365	13.7%	1.1%	84	36.9%	4.8%	59	37.3%	5.1%
Greater Detroit	459	7.8%	5.2%	89	24.7%	22.5%	55	25.5%	27.3%
Greater Houston	453	11.7%	1.3%	91	38.5%	4.4%	65	41.5%	3.1%
Northern New England	389	16.2%	1.5%	131	32.1%	3.8%	104	31.7%	3.8%
South Florida	775	10.1%	1.8%	142	31.7%	5.6%	114	31.6%	6.1%
Western New York	442	15.4%	1.8%	116	45.7%	5.2%	97	49.5%	4.1%
Wisconsin	515	19.2%	3.3%	151	43.0%	6.0%	108	46.3%	5.6%
Total	4,840	12.9%	2.1%	1,117	36.9%	5.7%	827	38.3%	5.9%

Source: BODS.

Notes: Total initial contacts include the number of T1 subjects who started an initial contact with the BOND Site Office or BOND Call Center. Following initial contacts, the BOND Site Office or Call Center identified whether a T1 subject might need a work CDR based on his or her reported employment. "Percent Work CDR Initiated" indicates that the BOND Site Office or WIC has formally initiated a work CDR with the T1 subject. It does not include SSA initiated Work CDRs. "TWP Started" includes T1 subjects who have started or completed the TWP and had an initial contact. "TWP Completed" includes only those who have completed the TWP and had an initial contact. "Percent May Need CDR" and "Percent work CDR Initiated" are calculated by taking the number of cases identified for each of these two groups (numerator) and dividing by the number of initial contacts (denominator). Estimates for columns 2 and 3 are based on initial contacts in column 1; columns 5 and 6 are based on initial contacts in column 4; and columns 8 and 9 are based on initial contacts in column 7.

- **The process of collecting earnings documentation for T1 subjects can be time consuming, particularly for subjects who did not have proper earnings documentation for their past employment.** T1 subjects were required to gather past earnings information for several years. For those who had multiple jobs, BOND Site Office staff and WIC counselors were required to work with the subject to locate all of their employment information. Respondents in four sites mentioned that the process of collecting and scanning earnings documentation can be time consuming; one Specialist estimated that scanning pay stubs for a work CDR can take up to four hours.
- **BODS initially had inaccurate information about beneficiary TWP status.** As discussed later in this section, BODS was initially populated with data on TWP status subsequently found to be far from complete.⁷⁶ Using this information, some BOND staff may have failed to recognize the need to initiate the work CDR.

4.4.2. SSA is Processing T1 Work CDRs Faster than for Other Beneficiaries

Despite the issues noted above in scheduling work CDRs, according to internal SSA data (not shown), T1 work CDR processing times were much shorter than for the beneficiary population as a whole. SSA staff compared T1 work CDR processing times for 114 initially cleared cases to those for nearly 100,000 work CDRs cleared by SSA's processing centers. They found that the T1 work CDRs were completed faster than those for other beneficiaries.

The expedited work CDR process is part of the front door activities noted in Chapter 2, so this early finding of expedited T1 work CDRs is consistent with SSA's intent to speed up the work CDR process as part of BOND operations. In a future report, we will present more complete statistics for the T1 group and compare them to statistics for the C1 group.

4.5. WIC Services

T1 subjects who made initial contacts could receive follow-up counseling services on BOND's work incentives and procedures through WIC provider agencies. We find that only a small share of T1 subjects who had contacted BOND through October 2011 had also used WIC services by that point. We also find that WIC caseloads per full-time equivalent (FTE) WIC counselor vary substantially across sites, suggesting that WIC implementation and service delivery might vary by site, particularly if sites with smaller caseloads can offer more intensive services throughout the demonstration. Finally, during the site visits, we learned that some T1 subjects have incorrectly received standard (non-BOND) counseling services from organizations not involved with BOND.

4.5.1. WIC Utilization Was Limited Relative to the Number of T1 Subjects and to the Number in Contact with the BOND Project

Exhibit 4-3 shows T1 engagement with WIC services and FTE WIC counselor workloads. We found that 1,024 T1 subjects had made some contact with a WIC counselor as of October 2011. This represents just

⁷⁶ In at least six sites, respondents made comments about the potential inaccuracies of data in the BODS system due to data issues, not knowing where to enter information, and user error. However, personnel at all 10 sites talked about the problems they had with using BODS and the poor quality of the training.

over 1 percent of all BOND subjects and just 21 percent of all those who were in contact with the project. The latter percentage varied from a low of 16 percent in South Florida to a high of 29 percent in Arizona/SE California.

WIC counselors uniformly reported providing services to ensure that clients understood BOND. Of the 1,024 T1 WIC users, 334 received only basic information and referral information. T1 subjects who were interested in more in-depth information received more intensive WIC services, similar to the services provided to SSDI beneficiaries who contact WIPAs. These services include obtaining more in-depth information on benefit receipt and work history so the counselor can provide specific counseling on work incentive use, earnings goals, and needed employment and personal supports. The majority of the T1 WIC users (690) obtained more in-depth services from WIC counselors in addition to basic information and referral services.

At this early stage in the demonstration, it is difficult to assess whether WIC services were delivered as originally envisioned in the BOND design. Based on staff interviews, WIC counselors' time was split roughly equally between providing information and referral services and giving in-depth benefits counseling. In future reports, we will be able to assess how the usage of benefits counseling services under WIC by T1 subjects compares to that received by C1 subjects. This tracking will allow the evaluation team to compare how WIC services compare to those currently delivered by WIPAs, including whether T1 subjects use those services differently (for example, at a higher rate) than members of the control group use WIPA services (see Bell et al. 2011, for more details).

4.5.2. Substantial Differences Exist in WIC Staffing Across Sites

The number of WIC counselors and the size of the WIC caseload varied by site (Exhibit 4-3), which might influence the consistency of service delivery, though information on the details of WIC service delivery are limited at this time.⁷⁷ Overall, the WIC caseload per FTE WIC counselor had reached 25 by the end of October. Across sites, this figure varied widely, from 25 in Northern New England to 82 in Wisconsin.⁷⁸ By definition, the cross-site variation in WIC caseloads must be caused by variation in the number of T1 WIC users relative to the variation in the number of WIC FTEs. The number of FTEs allocated to each site was based partly on the number of T1 (and expected T21) subjects in the site and partly on the site's geographic configuration and available WIC providers. At the time the WIC FTEs were allocated, it was not known how utilization per beneficiary would vary by site or treatment group. Given the amount of variation observed in caseloads per FTE, some consideration should be given to reallocating WIC FTE positions across sites; that might lead to more uniform intensity of WIC service delivery across sites.

⁷⁷ In future reports, as more time passes, we will be able to more rigorously assess the comparisons of WIC to WIPA by comparing the experiences of the C1 group who receive WIPA services to the T1 group who receive WIC services. At the time of this report, the data on C1 usage of WIPA services were not available to the evaluation team.

⁷⁸ The WIC providers are also tasked with providing services to subjects in one Stage 2 group, called T21. Variation in WIC workloads once users in that group are counted might be greater or smaller than the statistics reported for T1 subjects alone. When T21 subjects are included, the mean workload in all sites was 89 cases per FTE during this period, varying from a low of 44 in Northern New England to a high of 179 in DC Metro.

Exhibit 4-3. WIC Caseload Sizes and FTE for WIC Services for T1 Subjects as of October 2011

BOND Site	WIC Caseload			WIC Services		WIC Staffing	
	WIC T1 Caseload (1)	WIC Caseload as Percent of T1 Subjects (2)	WIC Caseload as Percent of Initial Contacts (2)	WIC Information and Referral (3)	Additional WIC Services (4)	FTE Positions (5)	T1 Cases Per FTE (6)
Alabama	107	0.9	16.5	11	96	4.0	27
Arizona/ SE California	126	1.6	28.5	76	50	2.6	48
Colorado/Wyoming	87	1.6	24.3	15	72	1.25	70
DC Metro	81	1.9	22.0	41	40	1.0	81
Greater Detroit	98	1.2	21.3	46	52	3.0	33
Greater Houston	81	1.2	17.7	3	78	1.0	81
Northern New England	99	1.3	25.3	37	62	4.0	25
South Florida	126	1.0	16.1	0	126	3.0	42
Western New York	96	1.2	21.7	49	47	2.0	48
Wisconsin	123	1.6	23.6	56	67	1.5	82
All Sites	1,024	1.3	21.0	334	690	23.0	54

Source: WIC data on caseload sizes from ETO data as of October 31, 2011. FTEs from BOND team site visits.

Notes: Total WIC caseload is the number of T1 subjects who had a contact for WIC services recorded in ETO. The denominators for the percentages in column (2) are from Exhibit 4.2 (column 1), and those for column (3) are from Exhibit 4.3 (column 1). Information and Referral WIC services (column 4) refers to T1 WIC users who only received information and referral services. The additional WIC services (column 5) refers to T1 subjects who received work incentives and benefits counseling for BOND. The FTE positions (column 6) refers to the number of WIC counselors in each site. T1 cases per FTE (column 6) is column (1) divided by column (5).

4.5.3 NonBOND Counseling Unintentionally Provided to Some T1 Subjects

In delivering benefit counseling services, it is important that service providers understand how the offset affects a T1 subject's benefit checks. If not, individuals whose eligibility for the BOND offset is not understood by organizations providing advice may receive inaccurate information.

To address this concern, the BOND team set up several systems to help staff identify T1 subjects in various settings. If a T1 subject identified themselves as a BOND subject to a WIC, the WIC could verify their BOND status by using the BOND team portal; WIC staff could enter information such as the code that was on the beneficiary's outreach letter, the beneficiary's SSN, or last name and date of birth. The portal would then return results confirming that the beneficiary was in BOND. Additionally, T1 subjects who were unaware of their BOND enrollment and contacted a WIPA for standard benefits counseling could also be identified as eligible for the offset if the WIPA counselor, before talking with the individual, first checked the ETO system, where a pop-up alert would note the T1 status. Finally, the BOND portal also provided information on BOND policies and procedures, which BOND Site Office and WIC staff noted as an important resource.

Despite these arrangements, WIC counselors in four sites described instances in which T1 subjects were unintentionally provided with standard benefit information instead of BOND counseling. Interviewees at two of these sites referred to problems encountered by benefits counselors at WIPAs in identifying BOND participants, but did not describe the specific cause. In the other two sites, WIC counselors who serve as both WICs and WIPA counselors to other beneficiaries described instances in which they provided benefits counseling under standard SSDI rules to T1 subjects because they did not recognize that the beneficiaries were T1 subjects. In one of these cases, the counselor discovered the error *after* providing benefits counseling and after entering data into ETO, when the pop-up notified the counselor of the T1 status. The counselor then contacted the T1 subject to provide the correct information, a process that took three weeks.

4.6. BOND Operations Data System (BODS)

As noted in Section 2.3.4, BODS serves several essential functions for the BOND project. BODS includes information used in random assignment, outreach, recruitment, and intake. It is used in work CDR development and collection of earnings data by the BOND team; and it also facilitates data exchange between BOND operational components and SSA for the purpose of tracking T1 subjects and applying the offset. The BOND team also uses BODS to monitor initial contacts and support technical assistance. It is a complex system, developed specifically for BOND.

BODS has largely served its purposes well, though has some important limitations that have affected specific aspects of intervention delivery. A major challenge was developing a complex data system to meet all requirements needed to operate and manage BOND, while also training field staff on how to use BODS in time to implement the demonstration. Even a perfectly implemented system likely would have encountered many of the problems described in this subsection, because new users were required to become familiar with its operations and enter data in a timely fashion.

4.6.1. BODS Is an Important Source for Regular Service Updates to Manage Project Operations

BODS has proven to be an effective tool for managing overall Stage 1 demonstration operations, including the dissemination and collection of information from T1 subjects to process the offset. Updates from BODS include daily statistics on mailings and contacts. The BOND team sends weekly statistics on T1 subjects to SSA and the BOND evaluation team. Additionally, monthly activity reports provide SSA with updates on several key activities related to initial contacts, work CDR processing, and offset usage (described in more detail above). The BOND team has used this information to quickly identify issues, discuss potential issues with SSA, and monitor ongoing activities at Site Offices and WICs.

However, staff in all BOND Site Offices reported some difficulties entering data into BODS. They also talked about the poor quality of training they received on the “hypothetical” system before it was implemented. In part, this difficulty reflects the challenges of implementing Stage 1 services without a true test before serving actual T1 subjects. BOND staff said that learning the system was cumbersome and time-intensive. They were also unclear about where to record certain types of data (for example, information from wage records). Respondents particularly noted how time-consuming data entry has been, especially in the beginning, but also noted acceleration of entry as they gained experience and received clarifications about the system. In two sites, respondents expressed optimism about recent updates made to the system. The updates are expected to streamline the process for entering data.

4.6.2. Initial TWP Data in BODS and ETO Were Outdated or Incomplete

A key overarching challenge is ensuring that the BODS system can be used by the BOND team, as well as by each of the BOND entities (BOND Site Offices, BOND Call Center, BOND Processing Center, and BOND Work CDR Unit), to manage service delivery. Accurate information is essential for operations support and for effective demonstration management. Challenges arise if information in BODS is not current; SSA administrative data elements, such as TWP status, need to be updated on a regular basis.

One important problem during the first six months of demonstration operation was that several administrative data elements received from SSA and used to populate BODS, including TWP information, cessation dates, and dates of eligibility, were initially inaccurate for many beneficiaries. These fields were eventually updated and sent to the BOND team.

Although it is difficult to quantify the full effects of these data limitations, they likely have substantially delayed several post-enrollment BOND activities. For example, inaccurate TWP fields delayed work CDR development. In at least two sites, WIC counselors talked about not knowing what to do with certain information, such as pay stubs. In one site, a WIC counselor who kept a manual record of BOND services provided to beneficiaries discovered a discrepancy between what the counselor had entered and what showed up in ETO. BOND Site Office staff in at least two sites talked about doing “work arounds,” or keeping track of information in a separate tracking system. However, we heard one report during our site visits that at least some of the discrepancies were not discovered, and that the affected T1 subjects might have been advised by WIC counselors under the assumption that they had not used any TWP months.

5. Discussion and Implications for Future Reports

As outlined in Section 1, this report covers three steps in the logic model for Stage 1 leading to potential impacts on beneficiary earnings and long-run benefit receipt:

- Random assignment
- Outreach
- Delivery of BOND services

Our primary objectives are to assess how early implementation has proceeded in each of these areas and to assess whether there are any issues that might affect the evaluation's ability to produce impact findings that are internally and externally valid. Internal validity is ensured if eligible beneficiaries are successfully randomized into treatment and control groups that are equivalent on all characteristics at the outset, so that subsequent differences in outcomes accurately reflect the impact of the demonstration as implemented in the 10 study sites. External validity requires that the study sites be statistically representative of the nation (which they are based on their random selection from the universe of all possible sites) and that the demonstration's implementation—and hence treatment group beneficiaries' response to the offset—accurately mimics what would take place under an ongoing national offset policy. Below, we summarize our findings from Sections 3 (random assignment) and 4 (outreach and BOND processes) and discuss their possible near-term implications for demonstration implementation and further evaluation research and their long-term implications for the internal and external validity.

5.1. Random Assignment: Implemented as Envisioned

The purpose of Stage 1 random assignment is to make it very unlikely that T1 and C1 control subjects differ on any baseline characteristics that might be related to outcomes. Otherwise, statistically significant differences in outcomes between the two groups might not solely reflect the impact of the BOND intervention on outcomes for the treatment group.

Consistent with expectations, our comparison of key baseline characteristics for T1 and C1 subjects, as observed in SSA administrative records, shows no statistically significant differences (see Section 3). This gives us a high level of confidence that any statistically significant differences in outcomes observed in the future will be due to the effects of the BOND treatment implemented in the 10 demonstration sites—that is, the internal validity of the impact findings from the evaluation is assured.

5.2. Outreach: Adequacy of Beneficiary Knowledge

To ensure the external validity of the Stage 1 impact estimates in representing a national roll-out of the tested intervention, the understanding that T1 subjects have of the new benefit rules must approximate what individuals would have under a national program. Approximating this understanding is particularly difficult in a test of a change in policy rather than delivery of a service, because a policy experiment depends on changing treatment group member understanding as opposed to immediately providing the experience of participating in a service. Were the offset to become national policy, there would be a variety of sources of information for beneficiaries concerning how earnings affect benefits under the offset, including SSA staff, agencies under contract to SSA to provide work incentives counseling, employment service providers, advocacy organizations and other beneficiaries. Although not all of the

information would be accurate, by and large it would be; beneficiaries would have time to absorb it and gain experience that corrects any initial misimpressions. Beneficiaries would presumably understand the offset, although not all of its specifics, in a manner that is analogous to how they understand current rules today. For example, under current law a beneficiary is likely to know that sustained earnings at too high a level will result in complete benefit loss, but is unlikely to know the details. Similarly, under a national benefit offset, a beneficiary is likely to understand that earning above some amount will eventually result in loss of \$1 in benefits for every additional \$2 earned, but may lack full information about certain details (e.g., BYA). In summary, just as there is general knowledge about the “cash cliff” today, there would be general knowledge about the offset “ramp” under a national benefit offset.

During the rollout of a national program, the information resources available to beneficiaries would not be as extensive, trusted, or accurate as those described above, but even then they seem likely to be substantially more numerous than those available during the demonstration. Adoption of the benefit offset would be a momentous, well-publicized policy change, so many key informants for beneficiaries would likely be well-informed themselves—SSA staff, service providers, and advocacy organizations, among others.

Under BOND, the sources of accurate information for T1 subjects is much more limited—two letters, the goal of one of which was to provide legal notice, plus whatever information proactive beneficiaries gain from contacting the BOND infrastructure or the relatively few individuals outside of the BOND infrastructure who are knowledgeable. As noted in Section 4, we heard reports from every site about T1 subjects who did not fully understand the offset or were fearful that the new rules might reduce or even terminate their SSDI benefits. At least in this initial period, the amount of misinformation encountered by T1 subjects is likely higher than it would be under a national program. Six sites reported incidents of misinformation provided by staff in field offices, vocational rehabilitation staff, and others involved with beneficiaries, including some instances in which subjects were encouraged to regard BOND as a scam. Procedures are in place to address these issues, but not all will necessarily be caught. Such incidents underscore the difficulties of ensuring that T1 subject understanding of the benefit offset is essentially equivalent to what it would be under a national program.

Given the limited information provided to T1 subjects and the multiple reports of misinformation, it is plausible that the knowledge T1 subjects had of the offset during this early period did not approximate what beneficiaries would have under a fully implemented national program. Knowledge is likely to improve as the demonstration matures. Some T1 subjects who failed to understand the offset initially will become knowledgeable after they enter the offset through the back door. These subjects already have earnings—that is how SSA will identify them—so earlier knowledge of BOND would not likely have influenced them to earn more. In fact, economic theory predicts that some such beneficiaries would have reduced their earnings had they understood the benefit offset.

There is no systematic mechanism for others who failed to initially understand the legitimacy and general nature of the offset to learn about it later on. Some such subjects might eventually become informed because they start to work and eventually enter through the back door, but the path they take as they increase their earnings might be different than if they had understood the benefit offset from the outset. Others seem unlikely to learn. This would be inconsequential if essentially all such individuals were unable to engage in SGA or would have no interest in engaging in SGA at any time during the demonstration period even if they understood the offset. We do not know if this is the case, however.

Hence, it is important for the evaluation to examine this issue further in future reports. For this purpose, we will collect information on this issue more systematically in future rounds of site visits. The Stage 1 survey, to be conducted 36 months after Stage 1 outreach, could also potentially be used to collect comparable information about the extent to which T1 and C1 subjects understand the rules that apply to their earnings. The survey instrument would have to be revised if used for this purpose, however. Ultimately, we will assess the extent to which impacts under a national program might be different than those observed for T1 subjects based on the knowledge question and other implementation issues, but this will be a challenging task.

5.3. BOND Processes: Early Growing Pains and Variability by Site

As described in Section 2, before treatment subjects can use the benefit offset, they must pass through a complex administrative process that often includes a work CDR and, for those who contact the demonstration, submission of estimated annual earnings and potentially offsetting expenses. SSA must review the work CDR package, make a determination and appropriately adjust benefits once the required information is submitted, if required.

Through October 2011, 4,840 T1 subjects had been in contact with the demonstration, but SSA had adjusted the benefits of only 21. Of course, that partly reflects the fact that only a portion of T1 subjects (the TWP completers) will be immediately eligible to use the offset. As of October 2011, of the 4,840 initial contacts, 827 had completed a TWP and presumably were at the point of potentially using the offset if their projected earnings were above the BYA. We project that a large number of T1 subjects will eventually have their 2011 benefits adjusted under the offset—perhaps 800 or so, but possibly more than a thousand. Many might still enter through the front door, as the earnings information of those already in contact with the demonstration is collected and processed, but it is also possible that many might enter through the back door as SSA checks their IRS earnings records in 2012.

The qualitative findings do indicate, however, that some aspects of the BOND infrastructure are not yet functioning as well as intended. During our site visits, we heard reports of coordination issues and competing demands on limited resources. Some of these issues likely arose as a result of the limited timeframe available for developing the complex BOND infrastructure. Substantial improvements in the functioning of these processes might lead to substantively different impacts.

Some problems relate to internal operating issues, such as ensuring timely updates of SSA administrative data elements, especially data necessary to the delivery of WIC services; otherwise T1 subjects and BOND service providers might err making decisions about work and use of the offset. Other problems relate to the information needed to process the offset, including correctly identifying T1 subjects who need to provide earnings information to SSA and scheduling follow-ups to obtain this information. Finally, there are potential external threats to BOND, such as non-BOND agencies not having enough information to provide proper benefits counseling to T1 subjects.

We also have some observed evidence of variation in service delivery across sites. As with SSA's current administrative procedures, one administrative goal under a national benefit offset program would be to administer rules in a uniform manner nationwide. Some early variation across BOND sites is to be expected because of variation in both demand-side and supply-side factors. Demand-side factors refer to differences in the number of beneficiaries from site to site, beneficiary characteristics, and the local

environment that affect beneficiary interest in the offset. They are all external to BOND and difficult to predict. Supply-side factors reflect the capacity of the BOND infrastructure to deliver services. These factors can be managed directly by the demonstration, but cross-site variation in the environment (for example, local and state programs and the disability service system) would make it challenging to deliver services in a uniform manner even if demand were completely predictable.

Some of the cross-site variation we observe likely reflects unpredicted variation in demand relative to the BOND resources allocated to the sites. The BOND infrastructure was designed to support service demand that was expected to be approximately proportional to the number of T1 subjects in each site, albeit with some variation due to variation in the site environment and the inherent lumpiness of resources. Note especially that the staffing for each Site Office is the same: a Director and two BOND specialists. Statistics on T1 contacts with the demonstration indicate that demand in some sites is either substantially more or substantially less than proportional to the number of beneficiaries. To illustrate, the percentage of T1 subjects who sought additional information from the demonstration on or before October 2011 varies from 9 percent in the DC Metro site to 5 percent in the Northern New England site.

Cross-site variation in utilization of WIC services per full-time-equivalent (FTE) WIC counselor raises the possibility of variation in administration of this component of the intervention if counselors in sites with smaller FTE caseloads are able to provide more services to T1 subjects on average than those in sites with larger caseloads. As of October 2011, the number of T1 subjects served per FTE ranged from just 25 in the Northern New England site to 82 in the Wisconsin site. This variation alone does not necessarily mean that the services provided by counselors differ across sites. Further cross-site analysis of the site visit data might yield additional information about how these caseload variations influence the accessibility and intensity of WIC services.

Thus far, cross-site variation in actual service delivery does not appear to be excessive. It might become so, however, especially if cross-site variation in the response of T1 subjects to BOND continues, or if the implementation team has difficulty adjusting to that variation or to factors that might affect supply-side inputs, such as staff turnover. More generally, further adjustments to demonstration operations might be needed as each site adapts to external factors beyond its control. Some reallocation of resources across sites might be warranted, most notably for WIC.

We expect the functioning of demonstration processes to improve as they mature and SSA and the implementation team continues to address the various issues that have been identified. It seems that significant improvement relative to what we observed in the first months of the demonstration is feasible, as many of the problems clearly reflect significant start-up challenges. We do not know how much improvement is feasible, however.

The goal for the demonstration is to achieve a level of functioning that SSA could sustain under a national program, but we do not know what that level is. SSA has historically had substantial difficulty administering rules about the effect of earnings on benefits, reflecting a variety of factors: the complexity of the rules, limited administrative resources, and competing administrative demands (such as processing of disability program applications). Some features of the benefit offset are intended to simplify administration (such as the change to annual accounting and the automated benefit adjustment system), but others increase complexity (such as submission of annual earnings estimates and end-of-year reconciliation). Further, increases in the number of beneficiaries engaging in SGA as a result of the

offset—should this occur—will increase the volume of cases that need to be processed every year. Hence, the expectation is that SSA will encounter many challenges in administering a national program. The demonstration provides an opportunity to assess these challenges and consider how they can be addressed.

We expect that SSA's ability to establish administrative processes that function as well, or better, than those established for the demonstration will be a key issue for decision makers as they consider national implementation. Hence, as we proceed with the evaluation, in addition to assessing the functionality of demonstration processes, we will pay more attention to how the administrative challenges of the benefit offset compare to those of current rules, and how SSA can best address those challenges under a national benefit offset program.

5.4. Conclusion

SSA and the BOND team have faced many challenges in building the infrastructure to support implementation of Stage 1. As we have documented, that infrastructure is now in place and functioning, and random assignment has been successfully used to create comparable treatment and control groups for Stage 1. Thus far, SSA has adjusted the benefits of only 21 subjects, far fewer than the number whose 2011 benefits are likely to be adjusted eventually under the offset—an estimated 800 or more. We expect the number of offset adjustments for 2011 to grow as more subjects complete the administrative processes leading to benefit adjustment or, starting in March 2012, enter the benefit offset via the back door after SSA observes their 2011 earnings in IRS data. It will be important to continue to track how use of BOND services and formal entry into the offset grow as BOND processes mature, as more subjects contact the demonstration, and as SSA identifies those with substantial earnings from IRS data.

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Appendix A

BOND Team Letter



SOCIAL SECURITY ADMINISTRATION
Benefit Offset National Demonstration



John Sample
99 E. Elm St.
Everett, MA 02149

May 25, 2011

Your unique Personal ID number:
(Use this to get more information)

E999XXX9

For Large Print, call toll-free 1-877-726-6309,
TTY 1-877-726-6390. (Versión en español al dorso.)

Dear John Sample,

Voice:

1-877-7BOND09
1-877-726-6309

TTY:

1-877-7BOND90
1-877-726-6390

Email:

info@BONDSSA.org

Web site:

www.BONDSSA.org

You have been selected to participate in the Benefit Offset National Demonstration (BOND) project, a research study by the Social Security Administration (SSA) being piloted in your local area. Congress has asked SSA to test whether different Social Security Disability Insurance (SSDI) program rules help people who want to try to work.

Through BOND, SSA will allow you to **keep more of your SSDI benefits** as your ability to earn more increases. Under current Social Security Disability program rules, people earning more than \$1,000 per month (after their Trial Work Period) generally have their benefits stopped. Under the BOND project, an annual test is used. Benefits will be reduced \$1 for every \$2 in earnings above \$12,000 per year, rather than stopped.

The intent of BOND is to see whether these different program rules help beneficiaries who want to try to work have better financial outcomes. The benefit offset gives you a longer period of time when you can have earnings and a cash benefit. As your earnings increase, there is a gradual reduction in benefits. The project also includes work incentives counseling, so that you will be able to know ahead of time how your work and earnings will affect your benefit payment. The BOND project staff will help provide you with all the relevant information.

Participating in the BOND project could mean more money in your pocket! If you are interested in returning to work, or are currently working and want to earn more, learn more about BOND today.

Call us! Call our toll-free number at 1-877-7BOND09 (1-877-726-6309). If you have a hearing or speech impairment, you may call our toll-free TTY number at 1-877-7BOND90 (1-877-726-6390).

Visit us on the web! Our website at www.bondssa.org provides detailed information about the project and the local BOND office in your area. We look forward to speaking with you and helping you **earn more and keep more**.

Sincerely,

Michelle Wood
BOND Project Director

Enclosures: 2

Appendix B

SSA Letter

Social Security Administration

Retirement, Survivors and Disability Insurance



6401 Security Blvd
3707 Operations
OPD Director
Baltimore, MD 21235
Date: May 26, 2011
Claim Number:

We are writing to give you the new information about the disability benefits which you receive on this Social Security record.

You have been selected to participate in the Benefit Offset National Demonstration (BOND) project.

Benefit Offset National Demonstration (BOND)

The BOND project offers qualified individuals a more generous treatment of earnings than under the current rules. A qualified individual is provided an opportunity to work and earn over \$12,000.00 and benefit from having only \$1 of benefits withheld for every \$2 earned over this amount. Under current Social Security rules, the same qualified individual working and earning over \$12,000.00 generally has his or her benefits stopped.

How Can I Become a Qualified Individual Under (BOND)?

The first step to become a qualified individual for the BOND project is to be selected to participate in the project, which you have been. The next step to become a qualified individual is for us to verify that you have:

- completed nine trial work months; and
- demonstrated an ability to perform work at a substantial activity (SGA) level; and
- completed the three-month grace period, which begins with the month you demonstrated an ability to perform work at an SGA level

When Does The BOND Project Start and End?

You will qualify to participate in the BOND project for up to 60 months. The 60-month BOND participation period begins either the month after you complete the ninth trial work month or the month after you were selected to the project,

whichever date is later. As long as you complete the nine trial work months by September 30, 2017, you will qualify for a 60-month BOND participation period. We can apply the \$1 for \$2 rules as early as the month of the 60-month BOND participation period or the month after the grace period ends, whichever date is later. We are conducting the BOND project with our partner Abt Associates.

Your Benefits

The law provides a nine-month trial work period so an individual can test his or her ability to work in spite of health problems. Disability checks continue during these trial work months.

The nine months need not be in a row and can be separated by months or even years. In 2010, only months in which an individual earns over \$720 in gross wages (\$700 in 2009) or works more than 80 hours in self-employment count as trial work months.

The trial work period is not over until nine trial work months are completed in a period of 60 months in a row.

After completion of the nine-month trial work period, we decide whether the work the individual is doing is substantial gainful work.

If you complete the nine-month trial work period by September 30, 2017, you will be eligible to participate in the BOND project. Keep reporting your work and earnings to us right away so that we can keep track of your trial work months to determine whether you qualify for the \$1 for \$2 reduction rules.

Things to Remember

You must promptly report any change that may effect your benefits. Failure to do so could mean you may have to repay any benefits not due. Let us know if:

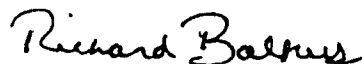
- You went to work since your last report or you return in the future; or
- You already reported your work, but your duties or pay changed. (Remember to keep records of your work and earnings such as pay statements from your employer); or
- Your doctor says your condition has improved even if you don't work now; or
- You apply for, start getting or have a change in the amount of worker's compensation or another public disability benefit; or
- You start paying for work expenses related to your disability (for example, you may need special transportation) or the amount paid for these work expenses changes or you no longer pay for such expenses. (Remember to keep records and proof of payments for any work expenses.)

If You Have Questions About the BOND Project

Please visit our website at www.BONDSSA.org for general information about the Benefit Offset National Demonstration (BOND) project. If you have any questions about the BOND project, you may call our partner Abt Associates. Their toll-free number is 1-877-726-6309 (877-7BOND09). They will help you by phone or they will set up an appointment with the Abt local office that serves your area. If you have a hearing or speech impairment, you may call their TTY number, 1-877-726-6390 (877-7BOND90). When you call, please have this letter with you. It will help the counselors at Abt answer your questions.

If You Have Questions that Are Not About the BOND Project

If you have any questions, you may call us at 1-800-772-1213. We can answer most questions over the phone. If you do call an office please have this letter with you. It will help us answer your questions.



Richard Balkus
Associate Commissioner for
Program Development and Research