



# Redefining Work Incentives for People with Disabilities

*Toward a Gradual, Secure Transition from Benefits to Employment*

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## Introduction

Many individuals with disabilities—including those with intellectual and developmental disabilities (IDD)—are ready and eager to work. They have the ability to succeed in competitive, integrated employment when supported appropriately. But one of the biggest obstacles isn't skill—it's the structure of public benefits.

Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) provide essential financial and healthcare lifelines. Yet the current design of these programs often punishes individuals for trying to work. It's time to **redefine work incentives**—so people can transition into full employment without sacrificing stability.

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## 1. The Problem: A Cliff, Not a Bridge

### SSDI: Substantial Gainful Activity (SGA) Limits

In 2024, if someone on SSDI earns more than **\$1,550/month** (non-blind) or **\$2,590/month** (blind), they are considered to have reached **Substantial Gainful Activity (SGA)**. Earning above this threshold for even a few months may lead to **termination of benefits** after the **Trial Work Period (TWP)** and **Extended Period of Eligibility (EPE)** expire.

### SSI: Immediate Income Reduction

SSI benefits are reduced by roughly **50 cents for every dollar earned** after the first \$85. This means:

- Earning \$885 can reduce the SSI check by \$400.
- Modest work leads to a substantial loss in income security.

## Healthcare Risks

Exiting SSDI or SSI due to work can also jeopardize access to **Medicare (SSDI)** or **Medicaid (SSI)**—critical for people with high or long-term support needs.

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## 2. The Result: Work Discouragement and Entrapment

These policies create **fear and confusion** for individuals with disabilities and their families:

- “What if I try to work and fail?”
- “What if I lose my benefits and can't get them back?”
- “Will I also lose my healthcare or housing?”

Such fears are **rational** under the current system. Instead of supporting gradual progress, the system functions like a **cliff**—one misstep and everything is lost.

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## 3. A Better Way: Redefining Work Incentives

We propose a redefinition of work incentives that supports **incremental, supported employment journeys**, not punishment for ambition.

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### ✓ 1. More Flexible Earnings Thresholds

- Allow beneficiaries to earn more than the SGA limit for **extended periods** without automatic termination.
  - Use **graduated thresholds** to taper benefits over time rather than sudden cuts.
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### ✓ 2. Income-Protection Windows

- Expand the **Trial Work Period (TWP)** from 9 months to 24 months.
- Extend the **Extended Period of Eligibility (EPE)** from 36 to 60 months.
- Allow individuals to move **in and out of work** without complex reapplications.

#### **Clarification Note:**

Recent OPWDD and ACCES-VR guidance documents sometimes refer to “24-month employment supports.” However, this refers to NYS **state-funded vocational services**, not to **federal SSA rules**. The SSDI Trial Work Period remains 9 months, and the Extended Period of Eligibility is still 36 months. This article advocates for future federal reforms to expand those periods.

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### **3. Permanent Access to Healthcare**

- Decouple **Medicaid/Medicare eligibility** from benefit status for those who exit benefits due to work.
  - Provide “**employment-linked**” **healthcare continuation**, similar to COBRA but without unaffordable premiums.
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### **4. Separate Housing and Employment Rules**

- Prevent housing subsidy programs (e.g., Section 8, public housing) from **immediately raising rent** in response to increased income.
  - Establish **earned income exclusions** for people with disabilities who are transitioning to full-time work.
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## **4. Why It Matters**

Redefining work incentives is more than technical policy reform. It is:

- A matter of **civil rights**, ensuring equal opportunity to pursue employment.
  - A matter of **economic justice**, allowing individuals with disabilities to rise out of poverty.
  - A matter of **family stability**, helping households plan for secure futures.
  - A matter of **workforce equity**, giving employers access to a motivated, capable labor pool.
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## 5. A Vision for the Future

An inclusive labor market requires inclusive policy tools. We must move from **rigid thresholds** to **supportive transitions**—where benefits and employment **work together**, not against each other.

The goal is not to trap people in dependence, nor to push them prematurely off support. The goal is to **build a ramp, not a cliff**—so that every individual who wants to work has a **safe, supported, and realistic path** to do so.

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### ◆ AMSI's Position

The **American Support Standards Institute (AMSI)** supports the development of inclusive employment standards and reforms that reflect the lived experiences of individuals with disabilities. Redefining work incentives is essential to ensuring that employment is **not a financial risk**, but a pathway to independence, dignity, and contribution.