

Oversight of the Benefit Offset National Demonstration Project

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September 2015

Office of Audit Report Summary

Objectives

To determine (1) the status and results of the Benefit Offset National Demonstration (BOND) project, (2) whether the BOND project was meeting the Social Security Administration's (SSA) goals, and (3) whether the contractor's services and costs for administering the BOND project adhered to contract terms and applicable regulations.

Background

With the BOND project, SSA is testing and evaluating the treatment of earnings for current Social Security Disability Insurance (SSDI) beneficiaries in 10 sites nationwide. Under current rules, beneficiaries lose their entire cash benefit if their earnings exceed the substantial gainful activity (SGA) threshold in the month after the trial work and grace periods end. The BOND project provides a gradual reduction of benefits (\$1 for each additional \$2 earned over the SGA threshold). In addition, SSA is offering some participants enhanced work incentives, such as counseling. The goal of the BOND project is to identify and test policies that will assist SSDI beneficiaries resume work, thereby relying less on SSA benefits.

In December 2009, SSA awarded a 9-year contract at an estimated cost of \$121 million to Abt Associates, Incorporated, (Abt) to administer the BOND project.

Findings

As of January 2015, the BOND project's total cost was approximately \$86.8 million. As of October 2014, only 2,333 (2.7 percent) of the 85,140 BOND project's participants had used the offset for 1 or more months. Also, Abt reported that the BOND project's benefit offset did not have a statistically significant impact on average total earnings in 2012 for Stage 1 participants; and the Stage 2 two treatment groups' average total 2012 earnings increased above the control group by only \$279 and \$301 (about 8 percent), respectively.

SSA officials told us they were satisfied that the project was working as a research study. That is, the BOND project was gathering data to evaluate the effect of a benefit offset and enhanced work incentives counseling on SSDI beneficiaries' work behavior. SSA told us that terminating the BOND project early would cost an estimated \$26.7 million, but it would save about \$8 million in contract costs. As the steward of BOND project dollars, SSA is accountable to Congress and the public on how it spends these funds. The significant contract costs and Social Security Advisory Board's opinion about the value of the BOND project illustrates the importance of developing and applying clearly defined metrics prior to beginning a demonstration project.

Finally, we determined the contractor's services and costs for administering the BOND project generally adhered to contract terms and applicable regulations during our audit period.

Recommendations

We recommended, for future demonstration projects, SSA develop clearly defined metrics and a business case to justify the project and require an independent executive, or executives, to evaluate and approve the project's planned costs, and throughout the project at established milestones, assess the results and determine whether the project merits continued expenditures. We also recommended SSA pursue collection of the BOND project's \$10,529 in unallowable charges.

Overall, the Agency agreed with our recommendations.