

## **Subsidies and Special Conditions**

An employer may, because of a benevolent attitude toward a person with a disability, subsidize the employee's earnings by paying more in wages than the reasonable value of the actual services performed. The amount of the person's wages that is considered to be subsidized, or "unearned," is not counted when Substantial Gainful Activity (SGA) determinations are made. In other words, **subsidies reduce countable income in determining SGA. SGA is used to determine eligibility for SSI/SSDI, not to prorate SSI amounts. Therefore, subsidies would only be used to justify eligibility for SSI, not to prorate SSI amounts. For people on SSDI, subsidies are useful for the initial application and during the Extended Period of Eligibility.**

If the subsidy does not make the person's income fall below SGA, there is no point in claiming the subsidy.

### **How do I obtain a subsidy?**

In order to prove that a subsidy exists, an employer should submit a letter or form SSA-3033, included at the end of this section, to the Social Security Administration. SSA determines the value of the individual's services (i.e., work) by contacting the individual, his or her employer, supervisor, work peers, and the job-coach or any one else who would have this knowledge. The value of the individual's actual services may require contact with other employers or the Department of Labor to determine the wages usually paid for such services.

### **Why would an employer do this?**

Sometimes employers want to avoid paying a sub-minimum wage, although that might be warranted by the worker's low productivity. Other times, it is just easier (or seems fairer) for the employer to pay all workers the same even though one might be significantly slower or need more break time.

**Subsidies exist when an employee has:**

- ❑ Fewer or easier duties
- ❑ Irregular hours
- ❑ Special transportation
- ❑ Less hours
- ❑ More breaks
- ❑ Lower productivity
- ❑ Extra help/supervision
- ❑ Lower quality work
- ❑ Frequent absences
- ❑ Special equipment

### **What are Special Conditions?**

The employer provides subsidies. “Special conditions” can be provided by someone other than the employer. In some cases, an employee may not be earning the full value of her/his wage, yet, technically, wages are not being subsidized. However, certain special conditions indicate that a work incentive should be allowed. The Social Security Administration’s regulations state:

“We do not consider any income not directly related to your productivity when we decide whether you have done Substantial Gainful Activity. ... Thus, where work is done under special conditions, we only consider the part of your pay which you actually earn.”

If the individual is not fully earning his or her wages because the work is performed under **special conditions**, such as:

- ❑ close and continuous supervision,
- ❑ on-the-job coaching
- ❑ substitution, during which the job coach performs part or all of the individual’s job duties,

then SSA deducts the part of the wages that are not “earned” by the individual from average gross wages. This is true whether or not the employer or someone else provides the special (on-the-job) conditions.

**Monitoring Subsidies and Special Conditions**

If you are facilitating an employer subsidy/special conditions, **MAKE SURE YOU MONITOR EMPLOYER REPORTING!** It is necessary to emphasize the worker’s disability and need for support and/or special treatment in order to justify this work incentive, and good-hearted employers may not be comfortable with this.