

Subsidies

A Subsidy Exists When the Employer:

- ◆ Willingly pays more in wages than the value of services performed; or
- ◆ Receives full value only because some agency provides extra services to the employee.

How Subsidies Affect the Substantial Gainful Activity (SGA) Determination:

- ◆ The \$1,180 SGA rule (\$1,970 for persons who are statutorily blind) applies to SSDI applicants and recipients and SSI applicants who are not statutorily blind.
- ◆ The monthly subsidy is deducted from gross earnings to obtain countable earnings.
- ◆ If monthly countable earnings are less than \$1,180 or \$1,970 for the blind (for calendar year 2018), after subsidy deductions, the person is not performing SGA.

Note: Impairment related work expenses and paid time off (vacation, personal, holiday, and sick pay) could also be used to reduce countable income.

Some Indicators That a Subsidy May Exist:

- ◆ The individual works shorter hours, or has fewer duties than others.
- ◆ Extra help or supervision is given.
- ◆ The individual produces less, or their work is of lesser quality than others.
- ◆ The individual is frequently absent, or receives more breaks or rest periods.

A Subsidy Provided by an Employer May Be Specific or Non-Specific:

- ◆ With a specific subsidy, the employer assigns a specific amount as a subsidy.
 - E.g., the employer states that the individual is paid \$10 per hour even though his or her productivity would only justify \$7 per hour (a specific \$3 per hour subsidy).
 - As a general rule the Social Security Administration (SSA) accepts the subsidy figure that is identified and adequately explained by the employer.
- ◆ With a non-specific subsidy, the employer either does not set the value of the subsidy or does not adequately explain how it was calculated.
 - In these cases, the SSA will investigate to determine the value of the subsidy.
 - The advocate or rehabilitation professional can play an important role in assisting the employer (or SSA) in accurately assessing the value of the subsidy.

Note: This document is produced, printed, and disseminated at U.S taxpayer expense. One hundred percent of the funding for this document is through a Social Security cooperative agreement that funds our Western NY Work Incentives Planning and Assistance (WIPA) Project. Although Social Security reviewed this document for accuracy, it does not constitute an official Social Security communication.