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 $1,220 SGA rule ($2,040 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 $1,220 or $2,040 for the blind (for calendar year 2019), 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.
  o 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).
  o 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.
  o In these cases, the SSA will investigate to determine the value of the subsidy.
  o The advocate or rehabilitation professional can play an important role in assisting the employer (or SSA) in accurately assessing the value of the subsidy.

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