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 $1,260 SGA rule ($2,110 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 $1,260 or $2,110 for the blind (for calendar year 2020), after subsidy deductions, the person is not performing SGA. ($1,260 or $2,110)

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.

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