• Marked discrepancy between amount of pay and value of services;

• Claimants or someone else alleges that claimants do not earn their pay;

• Nature and severity of impairment indicates that employees receive help from others in doing the work; and/or

• Government-sponsored job training or employment programs.

The following example illustrates how subsidies affect Social Security benefits.

**Example: Subsidy Impact on Social Security**

Jim currently receives Social Security benefits, is labeled with mental retardation, and has used his nine-month trial work period during a previous period of employment. Therefore, the potential exists for Jim’s Social Security benefit to stop immediately if he begins to earn gross monthly wages over the SGA level. Jim finds work in private industry through a supported employment agency, which provides job evaluation, training, and support. Jim earns $6 per hour. During the first month of employment, the job coach works with Jim eight hours a day and provides special transportation funded by the agency worth $55 a month.

The extra training and supervision needed to maintain Jim’s job is a subsidy. An unimpaired employee doing the same job receives only one hour of supervision each day. The subsidy is computed by multiplying the number of extra hours provided by the job coach (seven hours/day) by Jim’s hourly wage of $6 for a daily subsidy of $42. During the first month Jim’s gross wage of $960 would be reduced by the subsidy of $840 for countable earnings of $120. Since the countable earnings are below SGA, Jim is not considered to be engaging in SGA, and will therefore be eligible for Social Security in this month. His Social Security will continue for each month that the dollar amount of the subsidy reduces his gross monthly earnings below the SGA level.

By the fourth month on the job, Jim receives assistance from the job coach for five hours per week. He has received a raise to $6.25 per hour based on performance and now pays for the $40 special transportation expense. The gross monthly earnings of $1000 are reduced by the subsidy ($6.25 x 20 hours of job coach intervention) of $125 and the IRWE of $40 for special transportation. Jim’s countable earnings are now $835 per month. As his countable earnings exceed the SGA level he would not receive his Social Security benefit for this month (unless he had not used his grace period up). This example illustrates that the amount of subsidy decreases, as the employee becomes more productive and independent, changing the evaluation of the work from non-SGA to SGA.

The following exercise demonstrates how to compute the effect of specific subsidy on SGA determination: (Example on next page)