

Transition to Economic Self-Sufficiency (TESS) Scholarships for Youth and Young Adults with Significant Disabilities

April 30, 2021

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Acknowledgements

This report was prepared for the U.S. Department of Labor (DOL), Office of Disability Employment Policy (ODEP), by Mathematica, under contract number 1605DC-18-A0020. The views expressed are those of the authors and should not be attributed to DOL, nor does mention of trade names, commercial products, or organizations imply endorsement of same by the U.S. Government.

The authors thank the numerous people who have provided assistance in shaping the design of TESS Scholarships in Vermont, including Diane Dalmasse and Betsy Choquette of the Vermont Division of Vocational Rehabilitation, Hugh Bradshaw of the Vermont Department of Labor, Sarah Launderville of the Vermont Center for Independent Living (VCIL), Sam Liss of the National Center for Independent Living and VCIL, and Nicholas Love of the World Institute on Disability, among others. We also greatly appreciate the insightful comments and support of staff from ODEP and its federal partners, Mathematica project staff, and two anonymous peer reviewers who reviewed earlier drafts.

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Abstract

Recent policy changes have addressed some of the obstacles that inhibit the pursuit of careers by young people with disabilities who would be eligible for Supplemental Security Income (SSI) if they were not working; however, key features of the support system continue to foster dependence rather than promote independence. Transition to Economic Self-Sufficiency (TESS) Scholarships are an innovation that addresses the barriers and disincentives those pursuing careers will commonly encounter as they exit high school. Students would apply for a TESS Scholarship as they complete high school. The scholarships would provide approximately \$10,000 per year plus navigational support to the scholars until they turn 30 if they actively pursue a career plan. The scholarships would provide time, resources, and flexibility that motivated recipients can use to achieve career success.

TESS Scholarship programs are designed as private-state initiatives that do not require changes to federal policies and programs. Although such changes could improve the issues that TESS Scholarships are designed to address, efforts to pursue such changes have been stalled by institutional and political barriers that currently seem insurmountable. Rather than take on these barriers directly, TESS Scholarship programs would circumvent them in a manner that leverages, but does not change, the federal policy landscape. Private and state partners can launch TESS Scholarship programs at a very small scale. Further, by using a lottery system to fairly allocate initially scarce scholarships, they can help build the evidence necessary to support improvements, expansion, replication, and, ultimately, changes to public programs and policies.

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I. Introduction

This paper presents an approach to developing and testing a major innovation in support for young people with disabilities who would qualify for Supplemental Security Income (SSI) as adults if they were not working: Transition to Economic Self-Sufficiency (TESS) Scholarships.¹ TESS Scholarships are expected to substantially increase the small share of such individuals who successfully establish themselves in a career by the age of 30 and to reduce their dependence on public programs by addressing the significant disincentive and access issues they face after high school. TESS Scholarships are privately financed in a manner that leverages existing state programs. Private and state partners can launch TESS Scholarships at a very small scale in a manner designed to build the evidence base needed to support improvements, scaling up, replication, and, ultimately, changes to public programs and policies.

The most distinguishing feature of a TESS Scholarship program may be that it provides young people who have significant disabilities with a long period after high school—usually more than 10 years—to maximize their economic independence through work. Walter Oi, a well-known economist, spoke from a lifetime experience of blindness when he coined the phrase “disability steals time” (Oi 1991). This phrase is often used in the context of the time it takes to perform routine daily activities, and evidence supports its applicability (Anand and Ben-Shalom 2014). But it applies equally well to activities that must be completed in the successful pursuit of any career. An obvious reason is that young people with significant disabilities have less time to devote to pursuing a career through education, training, and work. A less obvious reason is that they may need more time to master career skills and to navigate a fragmented support system.

A private-public TESS Scholarship program would make awards to TESS Scholars at high school exit or soon thereafter and would provide support through age 30—provided that the individual actively pursues a career. The program would open an Achieving a Better Life Experience (ABLE) account (also known as a 529A plan) for each scholar and make quarterly contributions to the account on the order of \$2,500 (about \$10,000 per year), renewable annually. The program would also assign a professional career coach to each scholar, who will help the scholar develop an individualized career plan (ICP) and provide the technical assistance needed to navigate the pursuit of the career. The program would also encourage and support career-oriented postsecondary education; provide financial literacy training on money management, tax credits, and public benefit programs; and protect in-kind benefits (most notably health insurance and long-term support services) from loss due to earnings or asset accumulation. With the assistance of their coach, all TESS Scholars would be responsible for demonstrating substantial progress before each annual renewal.

TESS Scholarships would reshape the economic and support environment for TESS Scholars in a manner that makes maximizing lifetime economic prosperity and security through pursuit of a career

¹ Although we propose limiting eligibility to those with sufficiently significant disabilities to meet SSI medical eligibility criteria, in principle the disability criteria could be more or less stringent. We have adopted the SSI criteria for practical reasons and to help ensure that the limited funding likely to be available is initially directed to those in most need of support.

a much better option than working little and relying more heavily on public programs for support. The expectation is that many more youth who, without TESS Scholarships, would likely be dependent on SSI throughout their adult lives will opt to pursue substantial careers as they, their families, and other supporters come to understand and trust the opportunities created by TESS Scholarships.

We are developing a TESS Scholarship program in Vermont. This paper draws heavily on Vermont's experience to illustrate important points. Our approach provides a rigorous way to evaluate the impact of the scholarships on the career progress of the scholars. Because initial private funding will necessarily be limited, we expect to use a random mechanism to award a limited number of scholarships to applicants from low-income families who are at least 18 years old and have a strong interest in pursuing a career. We plan to use administrative data to compare the career and program outcomes of those awarded TESS Scholarships with the corresponding outcomes for those who applied but did not receive awards.

Section II provides background on the origins of the TESS Scholarship idea and establishes the rationale for its introduction. Section III provides more detailed plans for the design and implementation of a TESS Scholarship program. Section IV describes how the program can be tested, discusses the potential for replication and expansion. Section V concludes the paper with a summary and discussion of next steps.

II. Background

A. A 2007 proposal for a TESS demonstration and its rationale

The scholarship program's name, "TESS," comes from the 2007 final report of the Ticket to Work and Work Incentives Improvement Act Advisory Panel (Ticket Panel), which proposed a demonstration of a transformative change to federal disability policy that it called TESS (Ticket Panel 2007).² The Ticket Panel argued that it was necessary to holistically restructure the public support system for young adults with significant disabilities in order to make significant progress on the goal of increasing their economic success and independence as adults; the policy changes being implemented under the 1999 Ticket to Work and Work Incentives Improvement Act would not be enough.

The Ticket Panel's proposal for TESS sought to engage people between the ages of 14 and 30 who qualify for SSI or Social Security Disability Insurance (SSDI). As proposed, TESS would provide high school students who have disabilities with better opportunities for career-oriented training, education, and work experiences; allow participants to retain a larger share of their SSI benefits as they start to achieve wages from work; provide secure access to health care and long-term services and supports (LTSS) that many need; introduce special accounts that SSI would fund from realized benefit reductions that could be used to support career pursuit; expand access to career and

²The Ticket Panel was convened from 2000 to 2007 under the authority of the 1999 Ticket to Work and Work Incentives Improvement Act to advise the president, Congress, and the SSA commissioner on issues related to the act and other SSA programs.

employment services, internships, and transitional work; provide training in financial literacy and asset accumulation strategies; and promote integration with other supports.

The Ticket Panel's goal was to address the complex, highly problematic nature of the support system for adults with disabilities as it existed at the time of the panel's report. Drawing on input from members of the Ticket Panel and the existing literature, Stapleton and others (2006) characterized the system as a "poverty trap" in need of fundamental restructuring. They argued that public programs provide support for adults with significant disabilities that leads them into poverty and then makes it hard for them to work their way out. For those who are young, the system encourages early entry into SSI and a lifetime of poverty that is very difficult to escape via pursuit of a career. In essence, the support system fosters economic dependence instead of independence.

The fundamental feature of this poverty trap remains today, in the "inability to work" medical eligibility criterion for SSI and SSDI. This criterion views disability solely as the consequence of an individual's mental and physical impairments. As practitioners, academics, and individuals with disabilities themselves understand, an individual's capacity to work also depends on the individual's other characteristics and the characteristics of the environment. This point is well illustrated by the fact that many individuals with impairments who meet the medical criteria used by SSI and SSDI nonetheless work in substantial careers instead of receiving SSI or SSDI.

SSI and SSDI are by far the most important sources of cash assistance to working-age adults with disabilities, and eligibility for these programs has historically been the gateway to eligibility for substantial in-kind supports as well. SSI has historically been the gateway to Medicaid eligibility for adults with significant disabilities. Whether or not such individuals pursue a career, they often require the substantial health care and LTSS that Medicaid covers for its enrollees.

SSI's use of the inability-to-work criterion has important consequences for young people with significant disabilities who want to pursue careers. Most obviously, if they need cash assistance to initially support themselves after they turn 18, they must demonstrate to the Social Security Administration (SSA) that they are unable to work. If they demonstrate an ability to engage in substantial gainful activity (SGA) while they are applying for SSI, SSA will likely deny their application. Thus, until they are awarded SSI benefits, they cannot hold substantial jobs—the sorts of jobs that are stepping-stones to careers for many youth without disabilities.

Because SSI uses an inability-to-work criterion for eligibility to protect program integrity, it also has rules that reduce, suspend, or terminate benefits when an SSI recipient works. Such provisions are a major work disincentive. The specific rules used by SSI reduce benefits by \$0.50 for every \$1.00 in earnings above a monthly disregard that, by statute, is between \$65 and \$85 for many. Economists call this an implicit 50 percent tax on earnings—amounting to a tax rate higher than the marginal federal income tax rate paid by the most highly paid workers in the country. It is a powerful disincentive to work at entry-level wages for many jobs—the sorts of jobs that are typical of workers in the early stages of their careers. SSI's Student Earned Income Exclusion (SEIE) provides limited relief from this implicit tax for students under the age of 22. In 2020, the SEIE excluded the first \$1,900 of monthly earned income from the implicit tax, up to a maximum of \$7,670 in a calendar

year (SSA n.d.). The age limit for the SEIE does not allow for the possibility that young people with significant disabilities need more time to prepare for a career than their peers without disabilities.

Stapleton and others (2006) identified complexity and poor coordination of supports as another central feature of the disability policy landscape that creates a barrier to work for many people with disabilities. A somewhat more recent Government Accountability Office (2012) report details challenges that poor coordination creates for transition-age youth. Many types of supports are available to young adults with significant disabilities. In addition to cash benefits, health insurance, and LTSS, there are public supports for basic needs such as food, housing, and transportation that are administered by a mix of federal and state agencies. In general, young people with disabilities and their supporters must navigate these programs on their own. The complexity of eligibility criteria and benefit rules is daunting and requires a great deal of time and effort to navigate—time and effort that take away from pursuit of a career.

These features of the support system foster a culture in which career expectations for young people with significant disabilities are exceptionally low—lower than can be accounted for by their physical or mental impairments alone. Recent research documents that parental expectations about postsecondary education and independent living are frequently lower than the expectations that youth with disabilities have for themselves (Kirby, Dell’Armo, and Persch 2019). The same low expectations may extend to teachers, providers of other services, and peers. Low expectations may be particularly important for youth from low-income families. Vermont’s Division of Vocational Rehabilitation (DVR) counselors frequently report instances in which parents in such families actively discourage pursuit of a career because the family relies on the cash and other assistance that is available only if the young person is not working.

B. Recent policy changes

Multiple developments since 2007 have likely improved the policy landscape from the perspective of young people with significant disabilities who pursue careers. Three such changes seem especially important, and each plays an important role in the design for TESS Scholarships.

The 2010 Patient Protection and Affordable Care Act (ACA) contained provisions that make it easier for young adults with disabilities to obtain access to health insurance and LTSS without entering SSI. Perhaps most important, the expansion of Medicaid coverage to all persons in households with adjusted gross incomes under 138 percent of the federal poverty level meant that many individuals with disabilities could obtain access to Medicaid without entering SSI. As the result of a Supreme Court ruling, this expansion became an option for state Medicaid programs. As of August 2020, 39 states had adopted the expansion, and 36 had completed implementation (Kaiser Family Foundation 2020). Several other ACA provisions expanded access to health insurance in ways that are potentially important for young adults with significant disabilities, including (1) increasing the age at which children could be covered under a parent’s private health plan to 26, (2) establishing state health insurance exchanges offering individual private plans with no preexisting condition restrictions, and (3) providing sliding-scale premium subsidies for private insurance to households with income between 100 and 400 percent of the poverty level. Convincing evidence

shows that the age 26 provision reduced SSI entry among adults under age 26, but likely by only a small amount (Levere, Hock, and Early 2019). It is also important to recognize that, unlike the ACA's Medicaid expansion, these three ACA provisions did not expand access to LTSS. In many states, individuals with significant disabilities who work can obtain access to such services under Medicaid Buy-In programs that were in place before the ACA. Further, SSI recipients whose benefits are suspended because the recipients are working, under provisions in Section 1619(b) of the Social Security Act, remain eligible for Medicaid if their earnings are below a state-specific threshold that is substantial in some states.

The 2014 Workforce Innovation and Opportunity Act (WIOA) included provisions that require state vocational rehabilitation (VR) agencies to provide pre-employment transition to students with disabilities. Pre-employment transition services can be an important starting point for the careers of many youth with significant disabilities and can potentially support applications for TESS Scholarships. Presumably as a result of the WIOA, by 2018, the share of VR participants under the age of 24 increased to more than 50 percent (Rehabilitation Services Administration 2020, Table 5). WIOA also enacted a youth employment program, primarily for out-of-school youth ages 14 to 24 who face employment barriers. State workforce systems must offer 14 required services to youth, including education, job skills training, and work-based learning experiences, which are delivered in partnership with American Job Centers (AJC). AJC youth services are a potential resource for youth with disabilities to gain skills and work experience needed to embark on a career after leaving high school.

The ACA and WIOA are prominent examples of recent expansions in the services available to young people with significant disabilities that can be helpful to those who pursue careers. Less progress has been made with respect to the work disincentives embodied in SSI eligibility criteria and earnings rules, but there is one exception: the 2014 ABLE Act. Although not passed primarily for the purpose of promoting employment among individuals with significant disabilities, the ABLE Act established a mechanism that may help such individuals, including those TESS seeks to engage, to pursue careers. ABLE accounts are established under Section 529A of the Internal Revenue Code as a special version of a 529 plan—tax-advantaged plans that have helped parents save for their children's postsecondary education for many years. To qualify for an ABLE account, an individual must have a disability meeting SSA's medical eligibility criteria for SSI and SSDI before the age of 26. Adult SSI and SSDI beneficiaries under age 26 automatically qualify; others must be deemed eligible through the relevant state's disability determination process.

The value of an ABLE account from the perspective of a young person pursuing a career stems from ABLE Act provisions related to SSI. Contributions to an ABLE account of up to \$15,000 per year by another party (for example, a parent) are not counted for purposes of SSI eligibility or the calculation of the SSI benefit amount. In addition, the first \$100,000 of the account balance is excluded from the SSI means test. The account holder can use funds in the account to pay for any disability-related expense, broadly defined.

To illustrate how an ABLE account could be used to support the pursuit of a career by a young adult receiving SSI, consider the case of parents with sufficient income to make a tax-favored

donation of, say, \$10,000 per year to their (adult) child's ABLE account. Without fear of losing SSI eligibility, their child could use funds in the account to pay for education, food, housing, transportation, employment training and support, assistive technology, personal support services, health care expenses, financial management and administrative services, or other expenses that help improve his or her health, independence, or quality of life. The SSI recipient could, for instance, put accumulated funds toward education or training in preparation for a career. The accumulated funds also could provide a financial cushion when the account holder's SSI benefits are reduced by \$0.50 for every \$1.00 in earnings above the monthly SSI earnings disregard. In effect, ABLE accounts provide high-resource parents with a tax-advantaged way to eliminate the work disincentive created by SSI's implicit 50 percent tax on the account holder's earnings.³ Of course, a major limitation of this example is that it assumes the existence of a parent or other person or entity willing and able to fund the account for this purpose. The TESS Scholarships described in Section III provide a source of funding for ABLE accounts and assistance in using the accounts to pursue careers to those whose families are unable to help them in this way.

C. CareerACCESS

Following the Ticket Panel report, a coalition of advocates and others developed and started promoting a policy system called CareerACCESS. The World Institute on Disability (WID), PolicyWorks, and the National Centers for Independent Living (NCIL) lead this coalition. Like TESS, CareerACCESS seeks to engage young people with significant disabilities who would be eligible for SSI if not working (WID, PolicyWorks, and NCIL, 2014).

Also like TESS, CareerACCESS is a holistic approach to changing the policy landscape for young adults with significant disabilities as they pursue careers. At a high level, the main difference between the two systems is that TESS encompasses in-school services for those ages 14 to 18, whereas CareerACCESS starts at age 18. The fundamental tenets of CareerACCESS are otherwise essentially the same as those for TESS: eligibility does *not* require an inability-to-work test; coaching, counseling, and employment support services are managed through an ICP to increase success; health care and independent living supports remain available after the individual is engaged in SGA; and participants retain SSI cash benefit and are not subject to asset limits.

For some time, the supporters of CareerACCESS have advocated for a federally sponsored demonstration. Those efforts have been unsuccessful and at the time of writing are on hold. We have had some involvement in these efforts. From our perspective, they have not succeeded only because of the institutional and political barriers to developing and testing such a holistic, transformative system. It is enormously challenging for key decision makers—program administrators and policymakers—to understand the complex nature of the existing support system

³ Although high-resource parents can use ABLE accounts to offset the work disincentive that is created by SSI's implicit 50 percent tax rate for their adult child, they may choose not to because of the insurance value of SSI eligibility. SSI's Section 1619(b) provisions indefinitely protect the child's SSI eligibility should the child engage in SGA, but only if the child's countable resources remain below the SSI resource limit. Only the first \$100,000 in an ABLE account balance is excluded from this resource test. Further, ABLE accounts do not protect against loss of future SSDI and Medicare benefits for the child based on the work history of a retired, disabled, or deceased parent if the child engages in SGA.

and to make changes that lower the barriers that complexity creates to pursuit of a career. The programs and issues cut across the jurisdictions of multiple agencies and multiple Congressional committees, each with their own interests and priorities. The federal government does not have a systematic way to identify, develop, and test policy changes that cut across the many jurisdictions involved. As proposed below, TESS Scholarship programs can potentially demonstrate the value of making major policy changes without confronting the barriers created by the many jurisdictional issues.

D. Rationale for TESS Scholarships

The rationale for TESS Scholarships consists of two parts. First, despite the ACA, WIOA, ABLE, and other policy changes that may have helped young people with significant disabilities pursue substantial careers, many of the systemic issues that TESS was designed to address remain (Mann, Stapleton, and O’Day 2014, U.S. Government Accountability Office 2017). Changes that have already occurred might have increased employment of young adults with significant disabilities, but such increases are not evident in changes to SSI statistics for those ages 18 to 29 from December 2007 (just before the Great Recession) to December 2017 (Table 1). We would expect an increase in the percentage of young people with significant disabilities pursuing careers to reduce the percentage receiving SSI and to increase both the percentage of recipients who are working and the percentage with benefit suspensions due to work. These statistics show, to the contrary, that the percentage of this population receiving SSI increased by 10 percent over that period, the employment rate for SSI recipients declined by almost 7 percent, and the percentage of SSI recipients with benefit suspensions due to work declined by almost 12 percent.

Table 1. SSI receipt and employment for persons ages 18 to 30, 2007 and 2017

	2007	2017	Percentage change
Population ages 18 to 29	51,651,947	54,251,103	5.0
SSI recipients ages 18 to 29	873,784	1,008,556	15.4
Percentage on SSI	1.7	1.9	9.9
Percentage of SSI recipients who work	14.2	13.2	-6.8
Percentage in suspense due to work [1619(b)]	3.3	2.9	-11.6

Sources: Population data: SSA, Office of the Chief Actuary (2020).

SSI statistics: SSA (2008, Table 42) and SSA (2018, Table 43).

Recent employment statistics confirm that employment rates for young people with disabilities remain far below those for their peers. We focus on those ages 25 to 34—an age range in which most of those pursuing careers are working. Whereas the July 2019 employment rate for those without disabilities was 82 percent, the corresponding rate for the 1.9 million individuals with disabilities was only 42 percent (Bureau of Labor Statistics 2020).

The second part of the rationale for TESS Scholarships is the frustration that advocates, practitioners, and policymakers have experienced in efforts to promote holistic changes in federal

programs, such as those of the Ticket Panel and the coalition of advocates promoting CareerACCESS. TESS Scholarships are designed to avoid the institutional and political barriers that have stymied such efforts. To do so, TESS Scholarship programs would do the following:

- Start at a small scale
- Consist of state-private partnerships that leverage, rather than change, existing federal policies and programs
- Rely on private financing to replace reductions in SSI benefits and financing for scholar-directed services
- Build rigorous evidence for the purposes of improving the program, supporting scale-up and replication, and informing changes to federal policies and programs

Of course, significant challenges remain to establishing TESS Scholarship programs. To succeed, a program initiative must gain broad cooperation from key stakeholders within a state: youth, their families, and advocacy organizations; state VR, education, labor, and health agencies; local school systems; postsecondary institutions; and various private entities that provide critical services to young adults with disabilities. These institutions already support young people in the target population for TESS Scholarships, and many will have adopted practices that in various ways may be at odds with the design of the scholarship program. Inertia is likely to perpetuate such practices unless these institutions identify, commit to, and make the systemic changes needed to deploy and sustain TESS Scholarships with fidelity to the TESS Scholarship model.

The initiative must also gain financial support from foundations and other private sources to pay for programmatic components of TESS that are not financed by existing programs. In the following section, we describe how we have addressed these challenges in Vermont so far.

III. Developing and testing a TESS Scholarship program

This section provides more detail on the design and development of a TESS Scholarship program. We are developing a program in Vermont and will use what we have learned so far to illustrate key program features. Subsection A describes fundamental features of the scholarship program: the target population and eligibility criteria, support during high school leading to application for TESS Scholarships, the design of the scholarships themselves, other services and supports available to TESS Scholars, and the transition out of the TESS Scholarship program when scholars turn 30. Subsection B considers key aspects of implementation: institutional roles; outreach, eligibility determination, and entry; funding and administration of scholarships; and mechanisms for service delivery. Subsection C identifies significant challenges to development and implementation of TESS Scholarship programs and how they can be addressed.

A. Programmatic description

1. Target population and eligibility criteria

Conceptually, the target population for TESS Scholarships is individuals who acquired a significant disability at an early age, do not have sufficient family resources to pursue a career that will maximize their economic independence, demonstrate an interest in pursuing such a career, and are exiting high school. Converting these conceptual criteria to specific program criteria requires addressing difficult questions. What constitutes significant disability? By what “early age”? How should family resources be counted, and what is the cutoff? What constitutes a “demonstrated interest in pursuit of a career”? Because funding available for TESS programs is likely to be quite limited, we suggest starting with stringent criteria. The program, however, should consider the extent to which the stringency of the criteria excludes from eligibility those who would likely benefit from a TESS Scholarship. The program could potentially relax its eligibility criteria as more resources become available.

High school students with significant disabilities would formally apply for TESS Scholarships during high school. Applications from individuals who might qualify but have dropped out of school or did not acquire a significant disability until shortly after high school would be welcome as well. Such individuals might be particularly likely to have significant psychiatric disorders. Guidance counselors or VR transition counselors should inform special education students about the availability of TESS Scholarships early in high school. Students should be invited to formally apply when they show an interest in pursuing a career and a willingness to seriously consider what they will do after high school. Scholarships could potentially be awarded before the student reaches age 18. Doing so would allow staff from school and pre-employment transition programs to coordinate with the scholar’s career coach and to support a seamless transition from school to post-school activities.

We also suggest adopting criteria from other programs, such as SSI, Medicaid, and VR. This will simplify the process of developing, justifying, and implementing the criteria and simplify application from the perspective of prospective scholars.

The following is a potential starting point:

- a. **Age:** Awards will be made to individuals who are between the ages of 18 and 24 and have exited high school.
- b. **Impairments:** The individual must have mental or physical impairments that meet medical eligibility criteria for (adult) SSI. Those already determined eligible for SSI as an adult will automatically meet this standard. The state’s disability determination service will need to determine the eligibility of others using the adult SSI medical criteria, except that those who would be ineligible for SSI only because they are engaged in SGA would be eligible for TESS Scholarships. One option is to expand eligibility to those who received SSI as a child but are denied adult eligibility at their age 18 redetermination. Such individuals can continue to receive SSI under the Section 301 program, provided that they are enrolled in an approved vocational program (Work Incentives Planning and Assistance National Training and Data Center 2017).

- c. **Individual income and resources:** At enrollment, the individual must meet the income and resource standards for SSI eligibility. Because the individual will already be at least age 18, these standards do not consider family income; they do, however, consider whether the individual lives with others. We suggest that TESS Scholarship programs waive the “living with others” consideration to avoid implicitly penalizing those who choose to live at home while they pursue their career. Individuals already deemed eligible for SSI as an adult automatically meet this criterion. For others, we suggest that TESS Scholarship programs apply SSI income and resource rules to determine whether applicants meet this criterion.
- d. **Household income:** Before age 18, the individual must have lived in a household with adjusted gross income below a specified percentage of the federal poverty level. One option is to consider the applicant’s receipt of SSI as a child to be sufficient evidence to meet this criterion. If the applicant did not receive SSI as a child, a fallback option is to use the same standard that is used to determine Medicaid eligibility for those under age 19. In Vermont, that standard is 312 percent of the poverty level. It is likely that any student enrolled in Medicaid at age 18 or 19 would automatically meet this criterion.
- e. **Desire to pursue a career:** The individual must demonstrate a strong interest in maximizing economic independence via pursuit of a career. Initial assessment of this criterion will be difficult and will necessarily include some level of subjectivity. Input from the individual, teachers, pre-employment transition service counselors, parents, former employers, and others will be critical. The individual’s behavior in high school, especially in the last year, can be an important indicator. Those with a serious interest in pursuing a career will presumably take advantage of pre-employment transition service opportunities to learn about careers and develop work-related skills. More generally, they must also show an ability to pursue and complete tasks. In making this assessment, however, TESS Scholarship programs need to consider how features of students’ environment affect their behavior during this period. Some might avoid taking steps in pursuit of careers because they fear doing so will jeopardize eligibility for SSI as an adult when they reach age 18. In addition, a student’s family may discourage pursuit of a career. VR transition counselors can potentially help the student and his or her family understand the short- and long-term benefits of pursuing a career. If an applicant will continue to be highly dependent on a family member or guardian for the foreseeable future, she or he may not be a good candidate for TESS. It will be challenging to screen in those who might thrive with a TESS Scholarship but, for reasons related to their environment, do not demonstrate a strong desire to pursue a career.

The TESS Scholarship program will need to reassess the last criterion for each scholar on an annual basis. As discussed further below, each scholar will have an ICP, also reviewed annually. Among other things, the ICP will specify career activities and goals for the coming year. The TESS program can opt to not renew eligibility if it is evident that failure to complete specified activities and goals in the past year is due to an insufficient desire to pursue a career.

High school services for prospective TESS Scholars can play an important role in preparing students for TESS Scholarship programs and helping them apply. Pre-employment transition services are provided by all state VR agencies, as required by WIOA, but vary greatly from state to state and

potentially across schools within states. In Vermont, we expect that most strong candidates for TESS Scholarships will be identified through the pre-employment transition services program of DVR. The text box describes features of DVR's pre-employment transition service demonstration project, Linking Learning to Careers (LLC). DVR implemented LLC in partnership with local high schools, the Community College of Vermont (a statewide postsecondary institution with 12 local campuses), local technical education centers, a nonprofit agency called the Vermont Association of Business Industry and Rehabilitation, and the Vermont Agency of Education.⁴

Synopsis of transition services provided under Vermont's LLC demonstration project

1. In-school career development work, resulting in an individual LLC plan
2. Work-based learning experiences, such as job shadows, internships, and paid employment
3. Exploration of postsecondary education opportunities, including mentoring by a college student and dual enrollment in courses at one of the 12 local campuses of the Community College of Vermont
4. Support for assistive technology, including consultation, assessment, on-the-job evaluation, delivery of equipment, and follow-up
5. Funding for transportation to work-based learning experiences
6. Focused employer outreach guided by students' individual goals and personal learning plans

As in other states, pre-employment transition services are a work in progress in Vermont. Under a Rehabilitation Services Administration grant, DVR and Mathematica are now completing a randomized controlled trial of several features of LLC that are incorporated in the description in the text box: the opportunity to develop a career plan with support from a career counselor; established minimum standards for work-based opportunities; more opportunities for the exploration of postsecondary education; expert consultation on assistive technologies; and funding for transportation. Whether these and other features of LLC will become core components of pre-employment transition services in Vermont remains to be seen. DVR will continue to experiment going forward. For instance, on the basis of its experience under LLC, DVR is planning a significant effort to strengthen the exposure of high school students to postsecondary education and training opportunities (Howe and others 2021). This effort is in line with the WIOA requirement that pre-employment transition services include counseling on opportunities for enrollment in transition or postsecondary education programs.

2. The design of TESS Scholarships

In this section, a description of the elements of the TESS Scholarship design is followed by further discussion of the role of the coach and the scale of the TESS Scholarships.

⁴ Many details about LLC are available in a series of issue briefs: Contreary (2018); Martin (2020); and Wissel, Tulikangas, and Guy (2019).

a. Elements of the design

The TESS Scholarship program is a needs-based postsecondary scholarship program, designed for economically disadvantaged high school students with significant disabilities who seek to pursue careers and economic independence. TESS Scholarships provide both financial and professional assistance designed to help TESS Scholars successfully pursue substantial careers over a period of approximately 10 years. Specific features of TESS Scholarships include the following:

1. Scholarships will be provided in the form of contributions to an ABLE account (Internal Revenue Code Section 529A), established for the benefit of each TESS Scholar with the TESS program as custodian. By law, as of 2020, contributions to the account of up to \$15,000 per year are not counted as income for SSI eligibility and determination of the SSI benefit amount; only the balance in excess of \$100,000 is counted toward the SSI resource test. Providing scholarships via ABLE accounts avoids loss of SSI eligibility and benefits while the scholar is pursuing postsecondary training. Some administrative provisions of ABLE accounts vary somewhat from state to state, but there are no apparent impediments in any state to using them for the purposes described here.
2. Quarterly contributions to the ABLE account will occur until the scholar turns 30 or stops pursuing a career. Our suggestions for those contributions are as follows:
 - a. Quarterly initial contributions should be set at a rate that is commensurate with the maximum size of SSI payments for individuals—\$783 per month in 2020 (amounting to \$2,349 per quarter, or \$9,396 for the year).
 - b. The contribution amount should phase out as the scholar approaches age 30. We suggest starting quarterly reductions in the first quarter after the scholar’s 28th birthday, by one-eighth of the total amount each quarter.
 - c. The scholar and other parties should also be able to make deposits to the ABLE account. The means test for TESS Scholarships may make such contributions rare.
 - d. To increase the rewards of work, program contributions to ABLE accounts could potentially start with a lower amount until the scholar starts working, then be substantially increased as the student continues working. Such increases could be designed to offset reductions in SSI that may accompany increases in labor earnings.
3. The scholar will be able to access funds in the account to support the pursuit of a career, with the approval of the TESS Scholarship program’s custodian.
 - a. By law, ABLE account beneficiaries may use account funds to pay for any disability-related expenditures. The interpretation of “disability-related” is broad, and certainly includes expenditures for the purpose of pursuing a career.
 - b. The TESS Scholar is not required to spend all the funds in the account within a specific time frame. Unspent funds will remain in the account, accumulate at least some interest, and continue to be available after the scholar turns 30.
 - c. The account can be used to compensate for reductions in SSI benefits due to wages—essentially reducing or even eliminating SSI’s implicit 50 percent tax on wages. The annual

contribution amount is set large enough to fully compensate the scholar for loss of SSI provided that the funds are not spent for other purposes.

- d. At some point, the scholar may earn enough to accumulate assets. The scholar can avoid risk of SSI termination due to excess resources by accumulating assets in his or her ABLE account.
 - e. Some TESS Scholars will receive Social Security benefits as a Disabled Adult Child (DAC) under a parent's account, starting when the parent becomes eligible for Social Security. Scholars who receive SSI before they are awarded DAC benefits will experience an SSI benefit reduction in the amount of the DAC benefit net of a small disregard. SSA will eventually suspend and ultimately terminate DAC benefits when the scholar has sustained earnings in excess of the SGA amount. Suspensions are often delayed, resulting in overpayments. The scholar can potentially anticipate overpayments and use the ABLE account to help manage the financing of expenditures through this transitional period. This is a complex scenario, however, and scholars are likely to need counselor assistance to manage it well.
 - f. If former SSI child recipients denied SSI eligibility as adults at age 18 are eligible to become TESS Scholars, their SSI benefits would likely continue under Section 301 provided that they are enrolled in an approved vocational program, but their benefits will be terminated when they complete the program. ABLE account funds might be especially helpful to such scholars as they enter employment.
4. TESS Scholars must agree to work with a professional career coach, appointed by the program. The coach will act as a long-term advisor for the benefit of the scholar. The program will assign a coach at the time of award. The coach will do the following:
 - a. Work with the individual and others, as needed, to develop and obtain approval from the program for an ICP
 - b. Provide assistance, as needed, in the scholar's execution of the ICP
 - c. Help coordinate the activities of others involved in execution of the ICP
 - d. Monitor progress and work with the scholar to revise the ICP as needed
 - e. Monitor the scholar's income and expenditures, helping to ensure that expenditures are consistent with the ICP and, more broadly, in the scholar's best interest
 - f. Help the scholar complete annual reports to the TESS program, including required documentation such as postsecondary transcripts, pay stubs, and income tax statements
 5. The scholar and a TESS representative will sign a career contract that specifies the benefits that TESS will provide, described above, and will also include statements that the scholar must understand and agree to:
 - a. Engage in full-time pursuit of a career intended to result in maximum economic independence and stability at age 30 and beyond
 - b. Develop and follow an ICP with the support of a coach

- c. Work for pay in a manner that is consistent with career goals and the individual’s capabilities (for most, this will mean seasonal or part-time work while they pursue postsecondary education and full-time work thereafter)
- d. Seek to earn enough by age 26 to be ineligible for SSI/SSDI payments (time-limited receipt of SSI/SSDI benefits can be part of the ICP if benefit receipt is consistent with education and training along the individual’s career path; exceptions can potentially be made for scholars who pursue advanced degrees)
- e. Not pursue illegal activities or misuse/abuse alcohol or drugs
- f. Meet program reporting requirements
- g. Recognize that the program will terminate the scholarship if it determines that the scholar is not fulfilling the terms of the contract

b. Approach to coaching

The approach followed by career coaches will be critical to the success of TESS Scholars. As part of its Employment and Economic Empowerment (E3) initiative, WID (2020) has developed a substantial description of its approach to coaching. Following this model, the career coach would establish, monitor and manage [TESS Scholars’] compliance to their ICPs, and assist them in identifying their employment potential and finding their way to their career goals. The [coach’s] main goal is to support and ensure that each [TESS Scholar] is prepared to meet or exceed their potential and self-identified career goals. [Career coaches] will help participants access the complex systems that can support their employment preparation and career development. [They] will also help participants grow the self-confidence, social capital, and other workplace skills required to succeed in today’s marketplace. (WID 2020, 1–2)

Training and development of career coaches would likely benefit from evidence emerging from ongoing research, sponsored by the U.S. Department of Health and Human Services, into the efficacy of employment coaches for other groups that face significant challenges with employment.⁵ Although the coaching provided to those clients is typically for a shorter period than the period envisioned for TESS Scholars, the conceptual model for coaching that is being tested is clearly relevant. A summary of the model, adapted for TESS Scholars, follows (Joyce and McConnell 2019):

- Self-regulation skills, also known as “soft” or “executive” skills, are important to employment success, but poverty and functional limitations make it difficult to use self-regulation skills.
- Career coaches collaborate with scholars to (1) set personalized goals related to careers, (2) develop action plans to meet their goals, and (3) support, motivate, and provide feedback as [scholars] pursue their goals.
- Coaching is hypothesized to improve career outcomes by helping scholars apply and strengthen their self-regulation skills. This is done by working with a scholar to (1) strengthen the scholar’s

⁵ For reports from this research program, see Office of Planning, Research, and Evaluation (n.d.).

self-regulation skills; (2) reduce factors that could impede the scholar's use of self-regulation skills; and (3) match goals, careers, and services to the scholar's self-regulation abilities.

The *Guideposts for Success* developed by the National Collaborative on Workforce and Disability (2019) offers another framework on which the training and activities of the career coach could be based. *Guideposts* is based on evidence of effective transition practices and differs from other youth transition frameworks in that it explicitly identifies additional supports and opportunities that might be beneficial to youth with disabilities.

The coach will likely need to interact with family members or other supporters of the TESS Scholar. In many cases, the coach may encounter tension or conflict between the interests of the supporters and those of the scholar. The coach's responsibility is to help the scholar manage such situations. An analogous point applies to interactions between the scholar and others with whom the scholar interacts, such as teachers, employers, coworkers, program administrators, and service providers, as well as to coordination of services and funding from various sources. The coach must help the scholar prepare for managing such interactions after the scholarship ends and the coach is no longer available.

c. The scale of TESS Scholarships

If set at the scale suggested, total cash contributions to the ABLE account of an applicant awarded a TESS Scholarship at age 18 will be on the order of \$100,000, provided that the scholarship is not terminated before the applicant turns 30. Although these contributions constitute an expensive investment, it is not out of line with the cost of tuition and room and board for a four-year college degree in a public institution and is well below the total value of parental support, loans, and scholarships that many undergraduate students receive. The amount reflects the fact that the post-high school cost of the human capital investments required for a young person to achieve career success in today's economy is high. The total cost of TESS Scholarships is substantially greater than the ABLE account contributions alone. Administrative costs for outreach, application, review, award, annual reviews, and career coaches will be considerable. We return to this topic in Section III, Subsection C.

3. Other services and supports available to TESS Scholars

In the absence of their scholarships, TESS Scholars would be eligible for many other services. The goal of TESS Scholarship programs should be to ensure that TESS Scholars maintain access to such services to the extent that they need them. The programs must guard against unnecessary use of ABLE account funds to pay for services and supports that would normally be paid from other available sources; that is, TESS Scholarships should not be considered as replacement funds for other programs. We briefly consider these other program services below.

a. Benefit and financial counseling

Most TESS Scholars will have significant needs for benefit and financial counseling. Ideally, such counseling will start in high school, either as part of the curriculum or provided by VR counselors. After high school, many if not all scholars will be eligible for counseling supported by the SSA Work

Incentives Planning and Assistance (WIPA) grants held by many state and nonprofit organizations. The Community Work Incentives Coordinators (CWICs) employed and trained by these programs may need additional training to effectively counsel TESS Scholars—particularly concerning use of their ABLE accounts to help them pursue careers and to smooth the transition out of disability benefit receipt.

Counseling will be important as the scholars approach the end of the scholarship at age 30. Our expectation is that they will face the same public policy landscape at age 30 as the one that exists today—a landscape that may discourage them from working and encourage them to rely more heavily on programs for which they would be eligible if not working, including SSI and SSDI. That landscape may eventually change—especially if TESS Scholarships or other substantial initiatives demonstrate the potential of young people with significant disabilities to have successful careers—but not for the foreseeable future. Some may ultimately work less and become reliant on SSI, SSDI, and in-kind benefits, but the goal is to substantially increase the number who do not rely on cash benefits and reduce their reliance on in-kind assistance.

Because of the special circumstances of TESS Scholars, TESS Scholarship programs should consider developing a special group of counselors for this purpose. As the WIPA grantee and supplemental funder of benefits counseling in Vermont, DVR will be able to guarantee access to benefits counseling for TESS Scholars and provide special training on TESS for CWICs.

b. Vocational services

Every TESS Scholar will have a career coach, but many will need additional vocational services. States that launch TESS Scholarship programs may choose to use VR counselors as career coaches, depending on the VR agency's role in and commitment to the program. Whether or not they do, we would encourage them to formally enroll most, if not all, TESS Scholars into the state's VR program. All will presumably be eligible, and formal enrollment at the outset will help expedite their access to various services and supports that they may need. All TESS Scholars in Vermont will be enrolled for VR services when their scholarships are awarded.

Some TESS Scholars will benefit from access to job search and other services available at American Job Centers or through other programs under the umbrella of the state's workforce development agency. Most such services are not directed at individuals with significant disabilities, although many provide accommodations. These programs need to be aware of TESS Scholarships and recognize that some TESS Scholars have more ambitious goals than others with similar disabilities and economic backgrounds; otherwise, low expectations may undermine the scholars' efforts to pursue careers.

c. Financial aid for postsecondary education

Like their peers, TESS Scholars will have opportunities to obtain support for postsecondary education in many forms. One objective of the career counselors should be to ensure that TESS Scholars can access such support and, as needed, to help them obtain it. Many scholars may want to pursue postsecondary training credentials in high-demand fields and registered apprenticeships.

They will need to be able to take full advantage of financial assistance available to other low-income students. Among other things, those scholars and their families will need to complete the Free Application for Federal Student Aid. They will also need to understand the future implications of the debts they will incur if they accept the various available loans. The scholars also need to be aware that most postsecondary scholarships and loans are not counted as income or resources for SSI purposes if they are used for their intended purposes within a specified time frame. Scholarship and loan programs may consider TESS program contributions to the scholar's ABLE account and any balance in the ABLE account in the determination of financial need but not count all of the expenses that those funds can be used for as needs.

Although high school guidance counselors are trained to support graduating seniors in their efforts to access financial aid for postsecondary education, the extent of the assistance varies, and well-qualified counselors might not be well informed about the financial needs of TESS Scholars or the resources that might be available to them. For instance, state and community colleges might have special programs to support students with significant disabilities, and the state's VR agency might routinely provide some types of support for postsecondary students with disabilities. TESS Scholarship programs should consider the adequacy of available counseling and how it could be improved. Counseling on financial assistance for postsecondary education could become an important skill for benefits counselors trained to support TESS Scholars. Among other things, they will need to understand how SSI treats scholarships for purposes of SSI eligibility and determining benefit amounts.

d. Health insurance and long-term support services

Given the suggested eligibility criteria for TESS Scholarships, we expect most, if not all, TESS Scholars to be enrolled in Medicaid at the time they receive their scholarships. Hence, we expect Medicaid to initially be the main source of financing for their health care and LTSS.

When TESS Scholars start working, those who receive SSI should be able to keep their Medicaid benefits under Section 1619(b) of the Social Security Act until their annual labor earnings exceed a fairly high threshold that varies by state—from \$27,826 in Alabama to \$66,452 in Connecticut in 2019. Vermont's threshold was \$41,872 in 2019. Further, those with high earnings and high medical expenditures may be able to maintain their Medicaid eligibility by obtaining an individualized threshold based on their own documented expenses.

Other options for financing are available and could be important for some TESS Scholars. Most states have Medicaid Buy-In programs, under which workers with significant disabilities pay sliding-scale premiums to maintain their Medicaid coverage. The upper income limits for these programs vary by state and, along with sliding-scale premiums, make Medicaid Buy-In programs a less attractive option than Section 1619(b) status. Some TESS Scholars will be able to obtain private health insurance through their job or as a dependent (through parents until age 26 or at any age through a spouse), but that insurance will not pay for LTSS. TESS Scholars with household income between 100 and 400 percent of the poverty level will be eligible for a federal premium subsidy

when purchasing private insurance under the state’s health insurance exchange. Again, however, this coverage does not include LTSS.

For reasons indicated above, maintaining Medicaid eligibility under Section 1619(b) might be the best option for TESS Scholars with substantial needs for LTSS, but some will need an individualized threshold to do so. Those without LTSS needs are likely to move to private coverage for health care as they progress in their careers. It will be important for TESS benefits counselors to understand health care and LTSS financing options in their state.

e. Other services and supports

Some TESS Scholars will have difficulty traveling to work because of their disability. VR agencies may be able to cover some related expenses, especially early in the scholar’s pursuit of a career, but perhaps not until she or he reaches age 30. Other sources of transportation assistance may be available, depending on where the individual lives. Opportunities to ride share or to work from home may be the best option for some individuals.

Some scholars might be eligible for Supplemental Nutrition Assistance Program benefits, Section 8 housing subsidies, or other support for food and housing before they are well established in their careers. Benefits counselors need to make sure scholars are aware of such opportunities and, along with the career coaches, provide advice on how to smooth the transition off of these supports.

B. Implementation

This section describes how state agencies and private-sector partners can implement the TESS Scholarship program described above. We describe, in turn, the program’s institutional structure; outreach, eligibility determination, and scholarship award; funding and management of TESS ABLE accounts; and the delivery of other services.

1. Institutional structure

Multiple institutions in the public and private sectors will play important roles in TESS Scholarship programs (Table 2). Scholars will receive support for up to 12 years during which they would likely receive support from a multiplicity of public and private programs. TESS Scholarships are expected to change the scholars’ use of supports from multiple programs in multiple ways. Under current federal policies and programs, these programs will need to rely on funding from foundations, businesses, or private individuals as well as current federal and state funding streams.

Table 2. Institutional roles in a TESS Scholarship program

Institution(s)	Role(s)
State VR agency	The VR agency will deliver pre-employment transition services while scholars are in school; support the TESS Scholarship application process; support the provision of career coaches; lead coordination of services across agencies; and deliver other VR services that TESS Scholars may need, including benefits counseling, assistive technology, and support for other accommodations.

Institution(s)	Role(s)
Local school system	Most TESS Scholars will be special education students when they apply for a scholarship. Local school systems need to support the pre-employment transition services and the TESS Scholarship application process.
Postsecondary institutions	A variety of public and private institutions will deliver postsecondary education to TESS Scholars. These may range from training for a specific vocational skill to pursuit of professional postgraduate degrees. TESS Scholars and their career coaches will need to engage with counselors and others in some postsecondary institutions.
State education agency	This agency has oversight responsibilities for local schools, including special education, as well as public postsecondary institutions in the state and financial assistance for postsecondary education. The agency will have the role of ensuring that TESS Scholars have access to support for education to which they, as well as other state residents, are already entitled.
State health and human service agency	This agency's role will be to ensure that TESS Scholars are eligible for health care, LTSS, and other human services to which they would be entitled if they were not TESS Scholars.
Nonprofit organizations	Multiple organizations could be involved, in various ways. Their responsibilities could include fundraising for TESS Scholarships and their administration, reviewing scholarship applications, administering scholarship awards, ensuring that funds raised are used with integrity, or providing skills training and various other vocational services. In addition, career coaches could potentially be employees of nonprofit organizations. Examples include centers for independent living; public corporations established to support access to and administration of financial assistance for postsecondary students, including ABL accounts; community foundations; other philanthropic organizations and individuals; and various postsecondary institutions.
Business organizations	To expand the pool of skilled workers, businesses support training programs for prospective workers in a variety of ways, such as worksite training programs and apprenticeships. Many TESS Scholars will want to avail themselves of such opportunities. Businesses can also be funders of TESS Scholarships.

Program leadership. A strong case can be made to establish TESS Scholarship programs as public-private partnerships between specific state agencies and specific nonprofit organizations. Because state VR agencies are already providing employment services to many individuals in the target population and will need to do so under TESS, it seems natural for the state VR agency to assume leadership for the public sector. Vermont's DVR has agreed to take on this role for Vermont's program. In addition to serving TESS Scholars directly, DVR will lead the coordination of services across agencies.

We expect private-sector organizations to take on three types of roles: program leadership, fundraising, and program administration. A single organization may take on multiple roles. We discuss each role below.

Private-sector leadership. Ideally, the private-sector leader will have significant responsibility for fundraising, program administration, and communication to the public and must be able to effectively communicate with donors about the program and ensure that the funds are used as intended. There are multiple options for a lead private-sector partner. A large center for independent living (CIL) is an appealing option. CIL missions align well with the goals of TESS Scholarships.

Many CIL may not be able to develop the administrative infrastructure required to support a TESS Scholarship program. They may also need to reconcile leadership of a TESS Scholarship program with the CIL's advocacy on behalf of its members. Leadership of the Vermont Center for Independent Living, a statewide CIL with multiple local offices, has been very supportive of the Vermont program and is considering how it can best address the issues described here.

Other options for private leadership include numerous nonprofit organizations with a mission of helping disadvantaged individuals establish themselves in the workforce. A risk with any such organization is that there will be a conflict of interest between its existing approach to helping such individuals—an approach that is presumably grounded within the current policy landscape—and the approach taken by TESS—one that intentionally disrupts that landscape. Hence, the organization's willingness and ability to adapt services to the TESS landscape will be critical to its success. The selection of a nonprofit organization to lead a TESS program will ultimately depend on the interests and capabilities of nonprofit organizations in the state or local area.

Fundraising. Our expectation is that the leading private entity will be a 501(c)(3) organization with a mission that is compatible with TESS Scholarships. It will need to apply for grants and seek private donations to obtain funding for scholarships and the associated administrative expenses, which may be considerable. There are numerous foundations that support employment for people with significant disabilities or workforce development for disadvantaged youth that may find TESS Scholarships appealing. Some of these are large national foundations, but local foundations may be especially willing to support TESS Scholarship programs within their communities.

Community foundations are one type of foundation that may be particularly helpful. They typically raise money in the community through direct donations, but also by providing services to holders of donor-advised funds (DAFs). DAFs are usually held by relatively wealthy individuals or groups of individuals who want to support the community and welcome the convenience of DAFs. To illustrate, the Vermont Community Foundation (VCF), a statewide DAF, promotes support for many workforce-development and disability-related projects in Vermont. VCF has already indicated a willingness to facilitate fundraising for TESS.

Large and mid-sized employers may find it attractive to fund TESS Scholarships in their own names. It is a way to demonstrate their commitment to developing the workforce and to employing people with significant disabilities. Business-sponsored scholarships could also encourage scholars to pursue careers in the same industry. Unions might be willing to sponsor scholarships for similar reasons.

One feature of the TESS Scholarships that might appeal to individual and business donors is the possibility of supporting specific scholars. Some donors may be willing to sponsor a scholar from initial award until age 30 with annual donations to cover the individual's scholarship and administrative overhead. In exchange, they would receive an annual report on the individual's progress. This does not necessarily require disclosure of the scholar's identity to the donor, or vice versa, which could be problematic for both parties.

Administration of scholarships. TESS Scholarship programs will likely use nonprofit organizations or public corporations to accept applications, award scholarships, set up ABLÉ accounts, and monitor the progress of TESS Scholars. Public corporations responsible for facilitating postsecondary financing for a state's students, potentially including administration of 529 plans, may be important partners for TESS Scholarship programs. The Vermont Student Assistance Corporation (VSAC) serves these functions and has tentatively agreed to conduct independent reviews of applications for TESS Scholarships and to administer the awards. This includes setting up ABLÉ accounts under VSAC's 529 umbrella, the Vermont Higher Education and Investment Plan.⁶ VSAC already determines eligibility for and administers many postsecondary scholarships and loans for Vermont residents.

The TESS Scholarship program needs to assign a formal custodian to each scholar's ABLÉ account. The custodian may be an employee of the private organization that co-leads the program. The custodian will receive recommendations for expenditures from the scholar and will need to verify that each expenditure is in line with the scholar's ICP, potentially via accompanying communication from the career coach. The custodian will also be responsible for ensuring that all expenditures are in line with any restrictions on the use of ABLÉ account funds.

TESS advisory committee. We also recommend establishing a TESS advisory committee, consisting of leaders from the institutions that serve TESS Scholars and other stakeholder organizations, including those representing potential scholars and their families. The roles of the advisory committee will be to identify and address issues that arise in the development and operation of the TESS Scholarship program and to communicate information about the program to various constituents. Such a committee stems from the need for systems change mentioned earlier. The committee can help the TESS Scholarship program overcome the institutional inertia that might otherwise compromise implementation. Although the leaders of the TESS Scholarships program will be instrumental to ensuring implementation of TESS Scholarships with fidelity to the model, they will need the support of the leaders of the stakeholder institutions to succeed. The TESS advisory committee will be responsible for ensuring that support.

2. Outreach and eligibility determination

As indicated in Subsection A, outreach, eligibility determination, and program entry can be incorporated into a state's pre-employment transition services. Pre-employment transition service staff can reach out to potentially eligible students as well as to those who have recently left the school system (for example, through various health and human service programs and the justice system). Many applicants and families will need assistance from pre-employment transition service counselors or others to complete their applications. Applications would likely include the following elements:

- a. A form completed by the applicant that describes the applicant's interest in pursuing a career, includes other information necessary for determination of eligibility, and provides the program

⁶ For details, see the Vermont Higher Education Investment Plan's website (<https://www.vheip.org/>).

with permission to access medical information needed to verify medical eligibility. Provision of medical information can be waived if the individual can prove eligibility for SSI as an adult. The applicant must also acknowledge understanding the key provisions of the TESS Scholarship program.

- b. A form completed by a parent/guardian that confirms support for the applicant's pursuit of a career; describes how, if at all, the parent/guardian will be able to assist the applicant; and provides financial information that is pertinent to TESS eligibility or provides consent to access such information. In Vermont, we expect to use the applicant's eligibility for Medicaid at age 18 to verify that the applicant is from a low-income family.
- c. Structured recommendations from teachers, pre-employment transition service counselors, and others involved in the delivery of pre-employment transition services and familiar with TESS Scholarships. They should focus on the extent to which a TESS Scholarship is likely to enhance the applicant's career success.
- d. A high school transcript. The high school should be asked to supplement course and grade information with information about extracurricular and work activities if not otherwise included.
- e. The scholarship program will need to establish an application review committee. The committee will need to ask some applicants to undergo the disability determination process to verify eligibility. They will also need to verify the financial information provided by the parents.

3. Lottery for awards

We have previously recommended using a lottery to initially allocate the limited number of scholarships to applicants who meet eligibility criteria. It is important that when the program starts, applicants' chance of winning the lottery is neither very small nor very large. Otherwise, the chance of obtaining the award might be too low for potential scholars to bother with the application or so high that those not awarded scholarships will consider themselves to be exceptionally unlucky. Early on, the number of applicants may far exceed the number of available scholarships unless the program limits applicants to those residing in a certain area or makes the eligibility criteria more stringent than it might otherwise prefer. The criteria could be gradually relaxed as more funding becomes available.

The program must inform potential applicants and their supporters early in the process that they are applying to enter a lottery for a limited number of awards. It is also important to tell potential applicants that those not awarded TESS Scholarships will still be able to access many of the services available to the awardees. However, they will not have a TESS-funded ABLÉ account or a career coach.

C. Challenges to implementation

1. Collaboration

The most significant challenge to building a TESS Scholarship program may be establishing the collaborative relationships required across multiple public agencies and private organizations. Vermont's effort has been able to take advantage of strong existing relationships between the key

entities. One reason such relationships exist in Vermont is the size of the state’s population—approximately 625,000. Establishing such relationships in larger states will be more difficult. In such states, it may be more practical to launch TESS Scholarship programs in limited areas, such as counties or municipalities. Whether statewide or not, successful development will require strong leadership from at least one organization that can engage the others.

2. Financing

The next most significant challenge will be raising the funds needed to pay for TESS Scholarships and their administration. Funding for many services provided to TESS Scholars will presumably come from budgets for other programs—programs that would provide the same or similar services to TESS Scholars in the absence of the scholarships.

It would be feasible and perhaps best to initially raise funds for a small number of proof-of-concept scholarships. This would likely mean offering them only to eligible students in one or two high schools. Foundations or private donors could be asked to provide first-year funds for the specified number of scholarships and pledge future support for those scholarships if the scholars are using them as expected. A small, local start would provide an opportunity to address technical issues that will likely arise during the launch of the system. The experience could also be used to demonstrate to potential donors that the program is “real” and has strong potential.

3. Duration and stability

TESS Scholars will be formally enrolled for as long as 12 years, and the program’s most important impacts may not start to emerge until the latter half of that period. Evidence for impacts on intermediate outcomes may appear sooner, such as completion of postsecondary degrees or credentials, early employment outcomes, and career expectations, but the extent to which scholars achieve greater career success and economic independence is unlikely to become evident until they approach age 30.

The long duration of enrollment makes the stability of the TESS program important. Unanticipated changes will disrupt career plans and may leave scholars vulnerable to poor career and economic outcomes. As the program starts up, it is critical to obtain long-term commitments from key institutions, including funders. The program also needs to have a plan to fulfill commitments to existing scholars should the program unexpectedly end.

The duration of the scholarships and the need for program stability raise the bar for obtaining firm commitments from funders and the institutions involved. This is an important reason why TESS Scholarship programs will likely start small and grow as they gain traction.

4. Family income means test

The family means test may be controversial because the applicants will be adults and because of the test’s all-or-nothing nature. We defend the use of a family means test with funding limitations, following the approach of numerous needs-based postsecondary scholarship and loan programs. The fact that our approach creates an eligibility cliff may be more problematic. That is, if an

applicant meets other eligibility criteria, then either the means of the applicant's family will fall below a threshold and thus make the applicant eligible for a full scholarship, or they will exceed that threshold and thus make the applicant ineligible for any scholarship. It may be fairer to follow many other scholarship and loan programs by making applicants from families with means above the threshold eligible for partial scholarships. In such cases, families would be required to make quarterly contributions to the scholar's ABLE account that are proportional to their assessed ability to pay. We think our simpler approach is a reasonable way to start, given the likely scarcity of funds, but recognize that a strong case can be made for partial scholarships as TESS Scholarship programs are scaled up.

5. Postsecondary education and training

Developing opportunities for postsecondary education and training may be a significant challenge in some states. Most TESS Scholars will need postsecondary education or training to ultimately obtain jobs that compensate them sufficiently to achieve a high degree of economic independence. We expect TESS Scholarships to increase demand for existing opportunities. Postsecondary schools and training centers may not be well prepared to accommodate an influx of such individuals and may need both technical assistance and resources to do so.

Any efforts to expand postsecondary education and training opportunities need to focus on creating opportunities that can lead to substantial careers for young SSI recipients. Vermont DVR has found that postsecondary training programs leading to certificates in high-demand fields and registered apprenticeships often provide the best opportunities for this population. Pursuit of four-year college degrees and possibly postgraduate degrees will be the best option for some, but a much smaller number.

IV. Evaluation and replication

A. Evaluation

Our long-term objective is to accelerate the change from a postsecondary support system that hinders career pursuit by young people with significant disabilities to a system that does the opposite. A rigorous evaluation of TESS Scholarship programs can establish the evidence base needed to convince private funders, policymakers, and other stakeholders of the program's merit and to identify opportunities for improvement. Such an evaluation should include documentation of the system, an assessment of fidelity of its implementation to the design, identification of implementation issues and solutions, production of rigorous estimates of impacts on outcomes for the scholars, and assessment of the marginal costs of the system relative to the value of the impacts.

The random assignment process that we have suggested for allocation of a limited number of scholarships to a larger number of eligible applicants can serve the purpose of supporting rigorous estimation of the impacts of the scholarship awards. To produce impact estimates, evaluators will need to compare average outcomes of those awarded scholarships to average outcomes of those not awarded scholarships. Evaluators can potentially collect data from administrative records, follow-up surveys, or both.

Obtaining access to administrative data and conducting surveys requires consent from those who apply for TESS Scholarships and are deemed eligible. VR agencies can presumably obtain access to quarterly wage records from their own management information system and from the state's unemployment insurance system. The evaluation would also benefit from access to records for other federal and state programs—especially SSI, SSDI, Medicaid, Medicare, and the Supplemental Nutrition Assistance Program.

It will be important to consider the costs and benefits of TESS Scholarships from multiple perspectives. To illustrate this point, consider the perspective of government budgets. In the absence of TESS Scholarships, many scholars would likely receive SSI cash benefits and health care and many other in-kind public benefits up to age 30 and beyond. We expect the scholarships to reduce these programs' expenditures for TESS Scholars. It may be that net savings to the government will be positive, but we do not know whether savings to these programs will outweigh the marginal cost of TESS Scholarships. From a broader social perspective, the chance that the value of impacts will exceed marginal costs is higher because the likely increases in scholars' compensation received are counted as a benefit to society. Further, beyond the obvious economic costs and benefits, measurable impacts on the health and general well-being of scholars and their families would increase the social benefit.

B. Potential for replicability, scalability, and sustainability

As previously mentioned, we think TESS Scholarship programs need to start small; otherwise, it seems unlikely that they will gain the support they need to get started. At the same time, however, it seems likely that many states or localities could host TESS Scholarship programs. Like Vermont, they have strong foundations on which to implement small TESS Scholarship programs.

Our goal in Vermont is to launch a statewide TESS Scholarship program in a transparent manner that other states and local jurisdictions can emulate. Many scholars will come from public high schools that serve rural and low-income areas, while others will come from the state's few metropolitan areas, and the program will ensure that the relatively few Vermont youth from racial and ethnic minorities will have the opportunity to participate if they are otherwise eligible. If the Vermont program is successful, we will seek to make TESS Scholarships and the associated support available to all eligible individuals in the state. The availability of private funding to support scholarships may ultimately be the limiting factor, but that remains to be seen. Some states may be able to repurpose existing funds to support expansion of TESS, although opportunities to do so may be rare.

Rigorous evidence of high benefits relative to costs in Vermont and, potentially, other states may eventually lead to changes in federal policy that support viable TESS Scholarship programs. A change in SSI policy that expands the SEIE to include all TESS Scholars and increases the size and duration of its earnings disregard would help reduce the private funding needed to support scholarships. Federal grants to state VR agencies or private organizations for the support of career coaches, enhanced benefits counseling, and possibly other services needed by TESS Scholars would also be helpful.

V. Conclusion

This paper presents an approach to developing and testing TESS Scholarships for young people with significant disabilities who want to pursue careers and achieve a high degree of economic independence through work. TESS Scholarships address features of the current support system that foster economic dependence rather than encourage independence and result in a culture in which expectations of work and economic independence for such young people are low. TESS Scholarships are based on the premise that such individuals can be successful if they are provided with the time, resources, and navigational assistance needed to pursue careers and if their incentives to succeed are not undermined by a large implicit tax on earnings. The ACA, WIOA, and ABLE have likely made it easier for young people with significant disabilities to successfully pursue careers, but these policy changes fall short of the federal policy and programmatic changes needed to make substantial progress.

Although TESS Scholarships substantially address remaining barriers and disincentives to the pursuit of a career for young people with significant disabilities, they certainly do not remove all of them. Most obviously, they do nothing to directly change the barriers and disincentives to career success that the scholars will face when their scholarships end at age 30. The scholarships also leave in place features of the landscape before age 30 that may discourage employment or stand in the way of career success. For instance, the scholarships do not completely eliminate the work disincentives associated with disability benefits, for at least four reasons: (1) the size of the TESS Scholarship is limited; (2) expenditure of ABLE account balances is constrained and may be administratively burdensome; (3) the insurance value of maintaining SSI eligibility remains; and (4) some engagement in substantial work will still jeopardize eligibility for Social Security and Medicare benefits based on the work history of a parent. Scholars will also have to navigate many barriers to training, education, job search and accommodations, other services, access to resources, and social attitudes that their peers will not encounter. Features of TESS Scholarships will provide tools to address these barriers, but the scholars must still overcome them to be successful. TESS Scholarships represent a large step in the direction of leveling the playing field, but only a step. Despite the barriers and disincentives that remain, however, TESS Scholarships represent a considerable advantage for young people with disabilities in pursuit of careers.

Some vocational service models (such as CareerACCESS) have demonstrated considerable success in helping young adults with very significant physical or mental conditions pursue careers, despite the barriers and disincentives faced by those who receive the services. We expect that the TESS Scholarships will lead to better employment outcomes for TESS Scholars who obtain such services. Counselors delivering such services will need to coordinate with TESS career coaches. The coaches will presumably be highly supportive of the counselors' efforts. Any employment plan that a counselor develops with a scholar needs to be synchronized with the scholar's ICP—in some instances requiring changes to the ICP itself.

As the experience of advocates for CareerACCESS demonstrates, efforts to obtain federal support to overcome political and programmatic barriers to career success may seem insurmountable. Our design for TESS Scholarship programs is intended to circumvent such barriers through a

collaborative effort between state agencies and the private sector. The programs would use private financing to fund special scholarships in a manner that leverages public programs. A TESS Scholarship program can be started at a very small scale, potentially with just a few scholarships. It can also use a lottery system to allocate the limited number of scholarships fairly and in a manner that supports the development of rigorous evidence on the impacts and cost and benefits of TESS Scholarships—evidence that can influence the scaling up and replication of TESS programs and, ultimately, support from federal programs.

We are proceeding with development of a TESS Scholarship program in Vermont. Although development has been slowed by the COVID-19 pandemic, it continues gradually. Vermont DVR, other critical state agencies, and key nonprofit organizations support the idea. It will take much time and effort to turn that support into an actual program and to obtain the private support needed to finance the scholarships and associated administrative costs. This paper describes our approach. We welcome the interest of those who might want to develop TESS Scholarship programs elsewhere.

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