

**Comments on:  
Does Disability Insurance Receipt Discourage Work?**

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# What's to like about this paper

- The careful use of restricted access SSA administrative data to answer an important public policy question
- The close cooperation between internal SSA researchers with access to these data and external researchers using appropriate natural experimental methods.
- The willingness of a line agency like SSA to not only allow such potentially controversial research to be carried out but to actually fund it!
- Thank you SSA administrators

# Was SSDI program growth responsible for the rapid decline in the employment rate of older men in the 1970s?

## Controlling for severity in estimating SSDI program effects on labor supply:

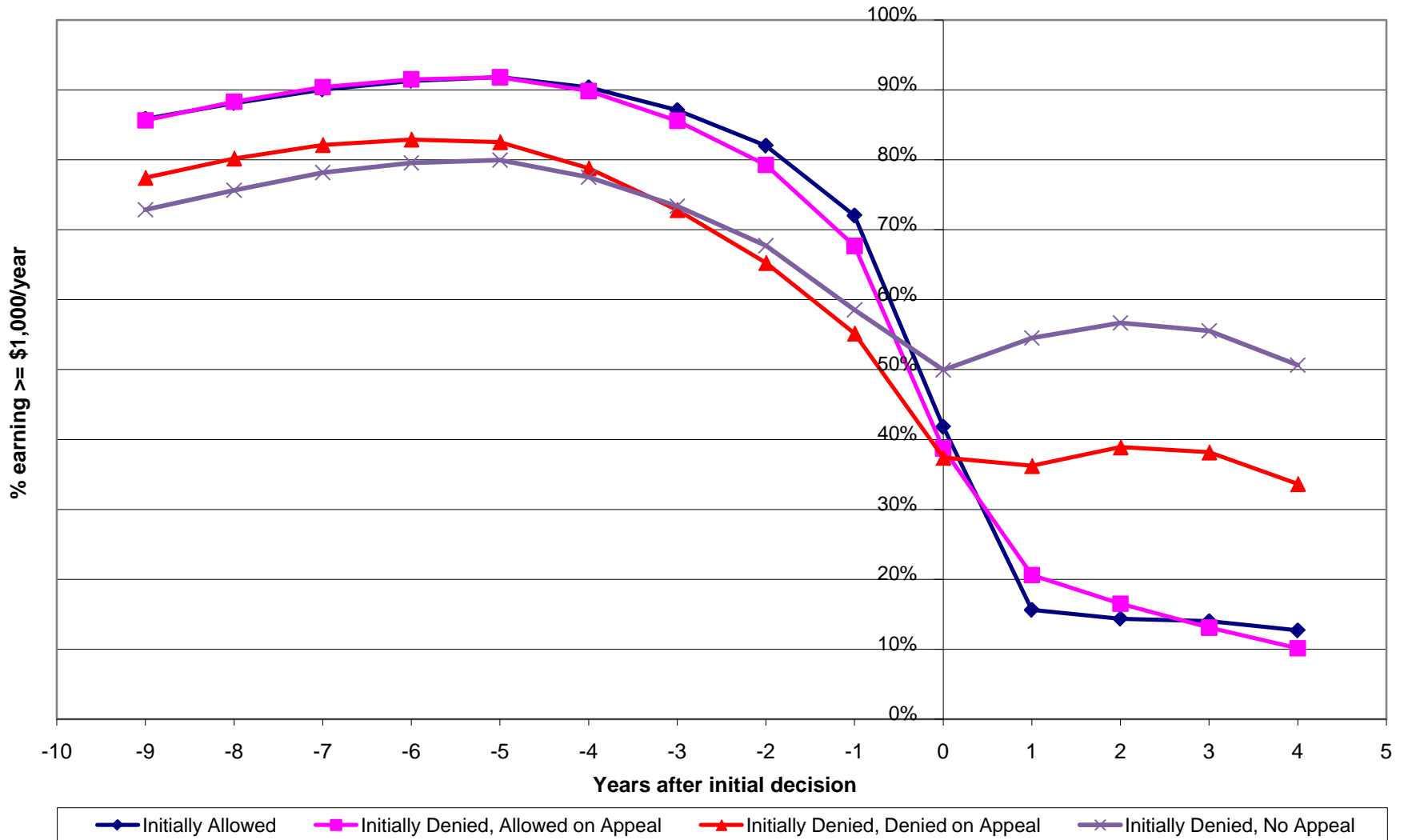
- Bound (*AER* 1989) vs. Parsons (*JPE* 1980, *JPE* 1984, *AER* 1991) (authors fn. on page 3.)
  - Proposed using denied applicants as control group for beneficiaries; upper bound (34 percentage points)
- Chen & van der Klaauw (*JOE* 2008)
  - Exploited discontinuity in probability of allowance at age 55 (vocational criteria) (20 percentage points)
- French and Song (2011)
  - Use variation in allowance rates of judges at hearings level of appeals process (14 percentage points)

# Advantage of this paper

- Captures the entire population of initial applicants for SSDI in 2005-2006 rather than a “non-random” sample.
- Estimates “local average treatment effect” effect for **marginal entrant**
- Characteristics of **marginal entrant**
- Estimates “heterogeneous treatment effects” effects **within subsamples**: medical listing, age, and earnings.

# Labor Force Participation

## 2005 decisions



# Bottom Line Finding

- 25 percent of initial applicants are marginal entrants.
- SSDI acceptance causes a 21 percentage point reduction in the labor force participation for the marginal entrant relative to the SSDI rejected control group.
- Heterogeneity of marginal treatment effects:
  - least severely impaired (60 percentage point reduction)
  - most severely impaired (10 percentage point reduction)

# Return to Parsons

- Bound's assumption was that the difference in employment between those who apply for benefits and receive them vs. those who do so and are rejected was **an upper bound** of the SSDI program's effect on employment.
- M-M-S new results take seriously Parson's criticism of Bound and show that the long processing times impose **significant losses post-application** on the employment of **ALL** applicants—those accepted and rejected. So this measure is not an upper bound.

# Unanswered Questions

## Variation of Parsons original question:

What do these results say about the importance of **SSDI program effects** on the decline in the employment of people with disabilities **more generally**? (Burkhauser and Daly forthcoming)?

- What is the “**Induced application behavior**” caused by;
  - changes in SGA;
  - changes in expected acceptance rates onto the system?

All of these potential SSDI program affects are uncounted here—but affect the movement to the stage of first application and reduced employment that you track.



# Unanswered Questions

- How does all this relate to Duggan and Imberman 2005 "Why are the DI Rolls Skyrocketing?" estimates that program effects account for most of the increases is the SSDI population over the last 20 years?
- How can you expand your point in time results for 2005-2006 to show whether or not:
  - the size of the marginal entrant pool has increased over time?
  - Characteristics of marginal entrant has changed?
  - Share of least and most severely impaired has changed?

# Unanswered Questions

- Will SSA researchers continue to be interested in collaborating with outside researchers and SSA administrators funding them to produce such research which promised to provide the evidence necessary for evidence-based policy making?