



CENTER *for*  
RETIREMENT  
RESEARCH  
at BOSTON COLLEGE



# **25<sup>th</sup> Annual Meeting of the Retirement and Disability Research Consortium**

August 3 & 4, 2023

Virtual event

## Retirement and Disability Research Consortium (RDRC) Meeting

### Organizers:

#### **John P. Laitner**

Director, University of Michigan Retirement and Disability Research Center

Research Professor, Institute for Social Research

Professor of Economics, University of Michigan

#### **J. Michael Collins**

Faculty Director, Center for Financial Security at the University of Wisconsin–Madison

Fetzer Family Chair in Consumer & Personal Finance, University of Wisconsin–Madison

#### **Nicole Maestas**

Director, NBER Retirement and Disability Research Center

Associate Professor of Health Care Policy, Harvard Medical School

#### **Alicia H. Munnell**

Director, Center for Retirement Research at Boston College

Peter F. Drucker Professor of Management Sciences, Boston College

The four RDRC Centers gratefully acknowledge financial support from the U.S. Social Security Administration (SSA) for this meeting. The findings and conclusions are solely those of the authors and do not represent the views of SSA, any agency of the federal government, or the four RDRC Centers.

## Table of Contents

Agenda .....	3
Panel 1: Disparities by Race and Ethnicity .....	7
Panel 2: Decline in SSDI and SSI Applications.....	14
Panel 3: Improving Communication and Outreach.....	37
Panel 4: Economic Security of SSA Beneficiaries.....	53
Panel 5: Improving Service Delivery .....	xxvii
Panel 6: Informing Trust Fund Projections.....	119
About the RDRC and the U.S. Social Security Administration .....	129

## Agenda

Presenters' names are in bold and marked by an asterisk.

*Day 1: Thursday, August 3, 2023*

**Noon – 12:15 p.m.** — Introduction: **John Laitner**, Director, MRDRC

**Welcome: Kilolo Kijakazi**, Ph.D., M.S.W.,

Acting Commissioner of the Social Security Administration

**12:15 – 1:15 p.m.** — **Panel 1: Disparities by Race and Ethnicity**

Moderator: Malcolm Williams (RAND)

*“Social Security Policy Design and Racial Wealth Disparities – Baseline Results” (WI23-09)*

William A. Darity, Jr. (Duke); Illenin O. Kondo (Federal Reserve Bank of Minneapolis); **Samuel L. Myers, Jr.**\* (Minnesota); Teega H. Zeida (Brock)

*“Who Benefits from Retirement Saving Incentives in the U.S.? Evidence on Racial Gaps in Retirement Wealth Accumulation” (UM23-01)*

Taha Choukhmane (MIT); Jorge Colmenares (Harvard); **Cormac O’Dea**\* (Yale); Jonathan Rothbaum (US Census Bureau); Lawrence Schmidt (MIT)

*“Disparities by Race and Gender in SS(D)I Applications and Awards”*

**Yang Wang**\* (UW-Madison); Muzhe Yang (Lehigh) (WI23-02)

**1:15 – 1:30 p.m.** —**Break**

**1:30 – 2:30 p.m. — Panel 2: Decline in SSDI and SSI Applications**

Moderator: Jeffrey Hemmeter (Social Security Administration)

*“What Factors Explain the Drop in Disability Insurance Rolls from 2015 to 2019? (BC23-14)*

Siyam Liu and Laura D. Quinby\* (Boston College)

*“Mixed-methods Study on Work-disabled Adults Who Do Not Apply for Social Security Disability Benefits” (UM23-08)*

Lila Rabinovich\*, Doerte Junghaenel, and Tabasa Ozawa (University of Southern California)

*“Racial and Ethnic Differences in Job Characteristics and Disability Retirement” (UM23-06)*

Amanda Sonnega (University of Michigan); Dawn Carr\* (Florida State)

**2:30 – 2:45 p.m. — Break**

**2:45 – 3:45 p.m. — Panel 3: Improving Communication and Outreach**

Moderator: Denise Hoffman (Mathematica)

*“Analyzing SSA Communication, Outreach and Service Delivery in a Laboratory of State Pension Fund Members: Comparisons of Best Practices for ASRS and SSA, Pre- and Post-Pandemic” (WI23-15)*

Dennis Hoffman\* and Anthony Evans (Arizona State)

*“Utilizing Online Services to Proactively Support Beneficiaries in Underserved Communities” (NB23-12)*

Dayo Oyeleye\* (Bowie State)

*“Understanding the Social Security Communication Needs of Hispanics with Limited English Language Proficiency” (UM23-09)*

Lila Rabinovich and Francisco Perez-Arce\* (University of Southern California)

Day 2: Friday August 4, 2023

**Noon – 12:35 p.m. — Keynote Address: Understanding American Economic Inequality**

**William A. Darity, Jr.**

Samuel DuBois Cook Distinguished Professor of Public Policy, Economics, African and African American Studies, Duke University

**12:35 – 1:35 p.m. — Panel 4: Economic Security of SSA Beneficiaries**

Moderator: Olivia S. Mitchell (University of Pennsylvania)

*“Measuring Economic Security Using Linked Consumer Expenditure and Administrative Data” (NB23-05)*

Aaron Hong, **Bruce D. Meyer\***, and Connor Murphy (University of Chicago); James X. Sullivan (University of Notre Dame); Derek Wu (University of Virginia)

*“Medical Spending Risk among Retirees by Race” (UM23-02)*

Karolos Arapakis (Boston College); **Eric French\*** (University of Cambridge); John Bailey Jones (Federal Reserve Bank of Richmond); Jeremy McCauley (University of Bristol)

*“Improving Financial Security for People with Disabilities through ABLE Accounts” (WI23-10)*

**Guglielmo Briscese\*** (University of Chicago); Michael Levere (Colgate); Harold Pollack (University of Chicago)

**1:35 – 1:50 p.m. — Break**

**1:50 – 2:50 p.m. — Panel 5: Improving Service Delivery**

Moderator: Robert Weathers (Social Security Administration)

*“Effects of Suspending In-person Services at SSA Field Offices on Disability Applications and Allowances” (BC23-05)*

**Monica Farid**,\* Michael Anderson, and Gina Freeman (Mathematica); Chris Earles (Social Security Administration)

*“Using Online Tools to Improve SSA Service Delivery” (BC23-03)*

**Jean-Pierre Aubry**\* (Boston College)

*“Understanding the Characteristics and Needs of Tribal Community Members for Social Security Delivery” (BC23-04)*

Barbara Butrica (Urban Institute); Stipica Mudrazija (University of Washington); **Jonathan Schwabish**\* (Urban Institute)

**2:50 – 3:50 p.m. — Panel 6: Informing Trust Fund Projections**

Moderator: John Sabelhaus (The Brookings Institution)

*“The Effect of US COVID-19 Excess Mortality on Social Security Outlays” (NB23-02)*

Bryan Tysinger, **Hanke Heun-Johnson**\*, and Darius Lakdawalla (University of Southern California); Julian Reif (University of Illinois, Urbana-Champaign)

*“How Eliminating Structural Disadvantages for Black Workers Could Affect Retirement Security and Trust Fund Balances” (BC22-06)*

**Karen E. Smith**\* and Richard W. Johnson (Urban Institute)

*“Understanding the Closing of Racial Mortality Gaps” (NB23-10)*

Raj Chetty (Harvard); John Friedman (Brown); Nathan Hendren (Harvard); **Michael Stepner**\* (University of Toronto)

**3:50 – 4 p.m. — Closing Remarks: John Laitner**

## Panel 1: Disparities by Race and Ethnicity

Moderator: Malcolm Williams, RAND

Presenters' names are in bold and marked by an asterisk.

*“Social Security Policy Design and Racial Wealth Disparities – Baseline Results”  
(WI23-09)*

William A. Darity Jr. (Duke); Illeen O. Kondo (Federal Reserve Bank of Minneapolis);

**Samuel L. Myers Jr.\*** (Minnesota); Teega H. Zeida (Brock)

*“Who Benefits from Retirement Saving Incentives in the U.S.? Evidence on Racial Gaps  
in Retirement Wealth Accumulation” (UM23-01)*

Taha Choukhmane (MIT); Jorge Colmenares (Harvard); **Cormac O’Dea\*** (Yale);

Jonathan Rothbaum (US Census Bureau); Lawrence Schmidt (MIT)

*“Disparities by Race and Gender in SS(D)I Applications and Awards”*

**Yang Wang\*** (UW-Madison); Muzhe Yang (Lehigh) (WI23-02)



# **Social Security Policy Design and Racial Wealth Disparities—Baseline Results**

**William A. Darity, Jr.**

Duke University

**Illenin O. Kondo**

Federal Reserve Bank of Minneapolis

**Samuel L. Myers, Jr.**

University of Minnesota

**Teega H. Zeida**

Brock University, Canada

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely the those of the authors and do not represent the views of SSA, any agency of the federal government, or the University of Wisconsin-Madison's Center for Financial Security, or the Board of Governors of the Federal Reserve System or of any other person associated with the Federal Reserve System.

## Introduction

Our research agenda focuses on racial differences in wealth and studies the implications of Social Security policy design on racial disparities in wealth. Our approach has been to specify a dynamic model that incorporates the determinants of net assets over the (post-retirement) life cycle and to decompose racial gaps in net assets into components due to the initial levels of those assets (such as amounts of retirement income from social security) as well as the returns on these assets. While ultimately our research approach will permit the assessment of a wide range of policy effects – such as differences in state income taxation of social security benefits – the current paper reports the results of our baseline model.

Social Security (Old-Age and Survivors Insurance [OASI]) is the primary source of retirement income for most older Americans (Carr, 2019; Tamborini, et al. 2022). Due to increased life expectancy, potential benefits of social security payments have increased. A recent NAS report, however, confirms previous studies that demonstrate that benefits are concentrated among higher earners and that the current design of the system has the potential for widening benefit gaps between high and low earners. There are implicit effects on race since Black workers are disproportionately found among low earners (NAS, 2015). By way of contrast, some authors have argued that Social Security Disability Insurance might serve as a possible counterbalance.

The origins of the racially discriminatory design of the Social Security System have variously been attributed to Southern legislators' attempts to preserve the subjugated position of Negro sharecroppers (Quadagno, 1988) or white Northerners' progressive exercise pursuing the economic theories of University of Wisconsin's John

R. Commons that were “steeped in racial privilege” (Poole, 2006). An often-overlooked empirical analysis of the racial disparities in eligibility for Social Security retirement benefits can be found within the Social Security Administration itself (Johnson, 1941; Thompson, 1975).

We leverage the Health and Retirement Survey (HRS) data to study racial wealth disparities among older age households. We document the evolution of racial wealth disparities over the life cycle and estimate the effects of Social Security program receipts on the racial differences in wealth accumulation. We report here three substantive findings in this initial baseline analysis: a) Racial wealth disparities widen with age; b) The growing racial wealth gap over the lifecycle is driven by the fact that older households have more wealth, but wealthier Black households have a lower rate of accumulation compared to similarly wealthy White households; and c) The receipt of Social Security Disability Insurance does not dampen racial wealth disparities over most of the life cycle.

These findings motivate additional extended and ongoing work we are conducting using the restricted-access micro dataset on the racially different impact of Social Security program receipts.

## The Data and the Sample

We use data from the Health Retirement Survey. We conduct our analysis using the RAND HRS Longitudinal File The RAND HRS Longitudinal File 2018 (V2) which includes fourteen waves of Core Interview data across sixteen survey years (1992, 1993, 1994, 1995, and biennially 1996-2018) and encompasses seven entry cohorts: the initial 1992 Health and Retirement Study (HRS) cohort; the 1993 Study of Assets and

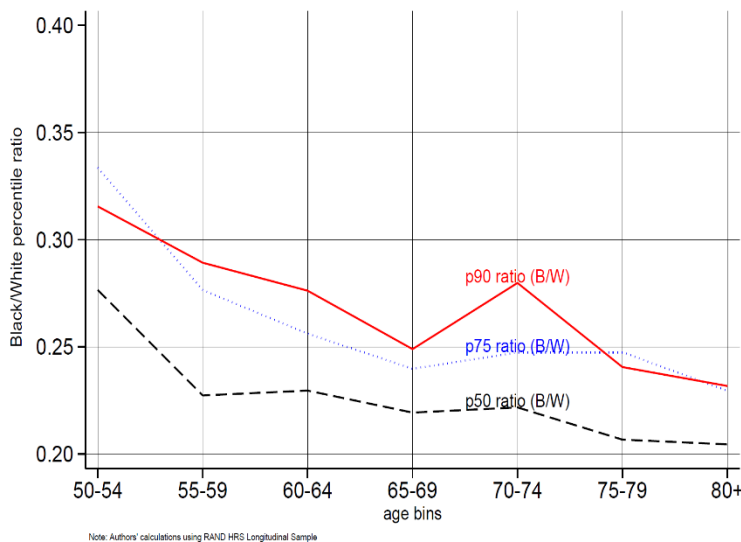
Health Dynamics (AHEAD) cohort; the Children of Depression and War Baby cohorts entering in 1998; the Early Baby Boomer cohort entering in 2004; the Mid Baby Boomer cohort entering in 2010; and the Late Baby Boomer cohort entering in 2016.

In the analysis that follows, we assign the race and the age of the survey respondent to household. We restrict the data to White or Black households only and convert nominal amounts into 2015 dollars. Our results are similar when we focus on non-Hispanic Black and non-Hispanic White households.

### Finding #1: Racial wealth gaps grow with age across the entire wealth distribution.

We assign five-year age bins to each household and measure the percentile of each household’s total net wealth as reported in the HRS. We report the ratio of the

Figure 1: Black/White total net wealth percentile ratios by age



total Black net wealth over total White net wealth for select percentiles (50, 75, 90) of the total net wealth distribution within each group. We plot the Black/White percentile ratio by age bin in Figure 1.

Figure 1 shows that Black households have less wealth than White households of similar rank in the distribution of White total net wealth. For households in the 65—69 age bin, the 90<sup>th</sup> percentile of Black net wealth is a quarter of the 90<sup>th</sup> percentile of

White net wealth. Median Black net wealth in this age group is between a fifth and a quarter of median White wealth. Moreover, we find that the ratio Black-to-White total net wealth falls with age. In fact, in the age the 50 to 54 age bin, the 90<sup>th</sup> percentile of Black net wealth is almost a third of the 90<sup>th</sup> percentile of White net wealth while median Black net wealth is more than a quarter of median White wealth. We find similar patterns for Hispanic/White net wealth percentile ratios albeit with slightly higher values compare to Black/White wealth ratios.

## Finding #2: Widening Racial Wealth Gaps Due to Racial Differences in Accumulation among Wealthier Retirees

Motivated by the striking findings above, we turn to the underlying micro data to study the role of race, wealth levels, and Social Security program receipts. It is also important to turn to micro data in order to control for the correlation between age and wealth and the potential for returns to be heterogeneous in wealth holdings. Our empirical design is very intuitive: we compare in the same age bin and at similar wealth levels, the difference in the rate at which Black households accumulate wealth compared to White households.<sup>1</sup>

---

<sup>1</sup> Specifically, we estimate the following regression:

$$\Delta \log \text{net wealth}_{h,t} = \alpha^{\text{age}} + \beta_{\text{race,bin}}^{\text{wealth}} \text{wealth bin } b_{h,t} \times \text{race}_{h,t} + \theta_Z Z_{h,t}$$

where  $\Delta \log \text{net wealth}_{h,t}$  is the annualized change in log net wealth, wealth bin  $b_{h,t}$  is the percentile of the wealth in the joint Black-White wealth distribution, and  $Z_{h,t}$  are controls including the lagged value of log net wealth $_{h,t-1}$ .

Our estimate of interest is  $\beta_{\text{Black,bin}}^{\text{wealth}} - \beta_{\text{White,bin}}^{\text{wealth}}$ , the difference between Black and White in wealth accumulation. We also report for comparison the role of age.

We find in Table 1 that the Black-White differential in wealth accumulation is larger for wealthier households. These effects are an order of magnitude larger than age effects also.

**Table 1: Racial differences in wealth accumulation by wealth and age**

	Estimated coefficients	t statistic
$\beta_{\text{Black,p50}}^{\text{wealth}} - \beta_{\text{White,p50}}^{\text{wealth}}$	-0.046	(-119.9)
$\beta_{\text{Black,p90}}^{\text{wealth}} - \beta_{\text{White,p90}}^{\text{wealth}}$	-0.321	(-416.2)
$\beta_{\text{Black,50-64}}^{\text{age}} - \beta_{\text{White,50-64}}^{\text{age}}$	-0.013	(-23.4)
$\beta_{\text{Black,70-74}}^{\text{age}} - \beta_{\text{White,70-74}}^{\text{age}}$	+0.005	(-33.2)

Finding #3: SSDI does not dampen racial wealth disparities over most of the life cycle

We now augment the previous regression with an indicator for receiving Social Security Disability Insurance. Again, we focus on the difference between Black and White wealth accumulation.<sup>2</sup>

We find in Table 2 that a less negative Black-White differential in wealth accumulation correlation with SSDI receipt for younger households compared to older households.

---

<sup>2</sup> Specifically, we estimate the following regression:

$$\Delta \log \text{ net wealth}_{h,t} = \alpha^{\text{age}} + \beta_{\text{race,bin}}^{\text{wealth, age}} \text{ wealth bin}_{h,t} \times \text{race}_{h,t} + \gamma_{\text{race, age}}^{\text{SSDI}} \text{ received SSDI}_{h,t} \times \text{race}_{h,t}$$

Our estimate of interest is  $\gamma_{\text{Black, age}}^{\text{SSDI}} - \gamma_{\text{White, age}}^{\text{SSDI}}$ , the difference between Black and white wealth accumulation associated with SSDI receipt in a given age group.

These findings motivate a more systematic look at the relationship between wealth, race, and Social Security program participation taking into account more dimensions of heterogeneity such as health status, health expenditures, family structure, and cohort-specific eligibility rules.

**Table 2: Racial differences in wealth accumulation and SSDI**

	<b>Estimated coefficients</b>	<b>t statistic</b>
$\gamma_{\text{Black},50-54}^{\text{SSDI}} - \gamma_{\text{White},50-54}^{\text{SSDI}}$	-0.034	(-21.3)
$\gamma_{\text{Black},70-74}^{\text{SSDI}} - \gamma_{\text{White},70-74}^{\text{SSDI}}$	-0.070	(-74.0)

## Summary and Conclusions

We demonstrate that there are widening racial gaps in wealth among retirement age individuals as persons age. The primary factor explaining these widening gaps is the differential accumulation of net wealth among wealthier blacks vs whites. We find no ameliorating impact of receipt of Social Security Disability Insurance. Our future work expands on this analysis to consider state fixed effects, the impacts of taxation on social security benefits, and the impacts of differential returns on assets.

## References

- Carr, Deborah. *Golden years?: Social inequality in later life*. Russell Sage Foundation, 2019.
- Cates, Jerry Ray. *Insuring Inequality: Administrative Leadership in Social Security, 1935-54*. United States: University of Michigan Press, 1983.
- Davies, Gareth, and Martha Derthick. "Race and social welfare policy: The Social Security Act of 1935." *Political Science Quarterly* 112, no. 2 (1997): 217-235.
- Franklin, Charles L., "Characteristics and Taxable Wages of Negro Workers, 13 Selected Southern States, 1938," *Social Security Bulletin*, March, 1941: 21-31.
- Gindelsky, Marina. "Do transfers lower inequality between households? Demographic evidence from Distributional National Accounts." *Economic Inquiry* (2022).
- Hardy, Bradley, Charles Hokayem, and James P. Ziliak. "Income Inequality, Race, and the EITC." *National Tax Journal* 75, no. 1 (2022): 149-167.
- Health and Retirement Study, (RAND HRS Longitudinal File 2018 (V2)) public use dataset. Produced and distributed by the University of Michigan with funding from the National Institute on Aging (grant number NIA U01AG009740). Ann Arbor, MI, (July 2022).
- Jefferson, Regina T. "Let Them Eat Cake: Examining United States Retirement Savings Policy through the Lens of International Human Rights Principles." *Harv. Hum. Rts. J.* 31 (2018): 63.



Johnson, Derrick, "Viewing Social Security Through the Civil Rights Lens," *The Crisis: Magazine*, The Official Publication of the NAACP, August 14, 2020.

<https://naacp.org/articles/viewing-social-security-through-civil-rights-lens>

Katznelson, Ira. *When affirmative action was white: An untold history of racial inequality in twentieth-century America*. WW Norton & Company, 2005.

McPhail, Beverly A. "A feminist policy analysis framework: Through a gendered lens." *The Social Policy Journal* 2, no. 2-3 (2003): 39-61.

Myers Jr, Samuel L., and Chanjin Chung. "Racial differences in home ownership and home equity among preretirement-aged households." *The Gerontologist* 36, no. 3 (1996): 350-360.

National Academies of Sciences, Engineering, and Medicine, and Committee on Population. *The growing gap in life expectancy by income: Implications for federal programs and policy responses*. National Academies Press, 2015.

Poole, Mary. *The segregated origins of social security: African Americans and the welfare state*. Univ of North Carolina Press, 2006.

Quadagno, Jill. *The transformation of old age security: Class and politics in the American welfare state*. University of Chicago Press, 1988.

Quadagno, Jill S. *The color of welfare: How racism undermined the war on poverty*. Oxford University Press, 1994.

Quadagno, Jill S. "Welfare capitalism and the Social Security Act of 1935." *American Sociological Review* (1984): 632-647.

RAND HRS Longitudinal File 2018 (V2). Produced by the RAND Center for the Study of Aging, with funding from the National Institute on Aging and the Social Security Administration. Santa Monica, CA (July 2022). Tamborini, Christopher R., Gayle L. Reznik, Howard M. Iams, and Kenneth A. Couch. "The Growing Socioeconomic Gap in Lifetime Social Security Retirement Benefits: Current and Future Retirees." *The Journals of Gerontology: Series B* 77, no. 4 (2022): 803-814.

Thompson, Gayle B, "Blacks and Social Security Benefits: Trends, 1960-73," *Social Security Bulletin*, April, 1975: 30-40.

Wojciech Kopczuk, Emmanuel Saez, Jae Song, Earnings Inequality and Mobility in the United States: Evidence from Social Security Data Since 1937, *The Quarterly Journal of Economics*, Volume 125, Issue 1, February 2010, Pages 91–128, <https://doi.org/10.1162/qjec.2010.125.1.91>



# **Who Benefits from Retirement Saving Incentives in the U.S.? Evidence on Racial Gaps in Retirement Wealth Accumulation**

**Taha Choukhmane**  
MIT

**Jorge Colmenares**  
Harvard

**Cormac O'Dea**  
Yale

**Jonathan Rothbaum**  
U.S. Census Bureau

**Lawrence Schmidt**  
MIT

25<sup>th</sup> Annual Meeting of the Retirement and Disability  
Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely those of the authors and do not represent the views of SSA, any agency of the federal government, or Michigan Retirement and Disability Research Center. This report is released to inform interested parties of ongoing research and to encourage discussion. Any views expressed on statistical, methodological, technical, or operational issues are those of the authors and not necessarily those of the U.S. Census Bureau. The data in this paper has been cleared by the Census Bureau's Disclosure Review Board release authorization number CBDRB-FY22-SEHSD003-001, CBDRBFY22-SEHSD003-017, CBDRB-FY22-SEHSD003-033 and CBDRB-FY23-SEHSD003- 043.

## 1. Introduction

Retirement saving is heavily subsidized in the U.S. One type of subsidy comes from employers: a large segment of the workforce has a Defined Contribution account in which employers ‘match’ their employees’ contribution. In 2021, private sector employers paid more than \$180 billion into employer-sponsored DC accounts. A second subsidy comes from the federal government. Deferred compensation is a tax-favored way to receive earnings, and in 2021, the federal government tax expenditure on DC retirement accounts amounted to over \$100 billion. In this paper, we study the distributional impact of these institutional supports for savers (which together are worth approximately 1.5% of GDP) across racial groups using a new dataset covering millions of Americans.

Our motivation is the fact that racial wealth inequality in the U.S. is large and persistent. White Americans have levels of wealth that are, on average, six times larger than that of Black Americans (Derenoncourt et al. 2022). Within American households’ balance sheets, financial wealth held in tax-advantaged retirement accounts comprises the second largest asset class (Board of Governors 2021) and so differences in retirement saving are a potentially important channel contributing to these wealth gaps.

Brown (2021) argues that the design of the retirement system favors activities that are more likely to be carried out by White Americans (retirement saving) and penalizes activities more likely to be carried out by Black Americans (early withdrawals). Our paper brings new data to this important question – with a focus on DC accounts (which are offered to approximately 60% of American workers). Our aim is to measure the

differences across racial groups in saving in employer-sponsored accounts and the distributional incidence of institutional supports for savers.

## 2. Data

Our project relies on a unique dataset formed by linking data on the saving behavior of employees to data on the characteristics of the retirement plans of their employers. Our employee data comes from the American Community Surveys (ACS). From the ACS, we obtain information on race, Hispanic origin, education, and, through a link within the Census Bureau to their W2s, income and retirement saving in employer-sponsored accounts. The employer data comes from the hand-coding of data contained in narrative attachments to Form 5500 regulatory filings (see Choukhmane et al. (2023)). This combination of data allows us to observe, for millions of Americans, a) demographic characteristics, b) saving in employer-sponsored DC accounts and c) the match subsidy (if any) that their employer offers them.

## 3. Results

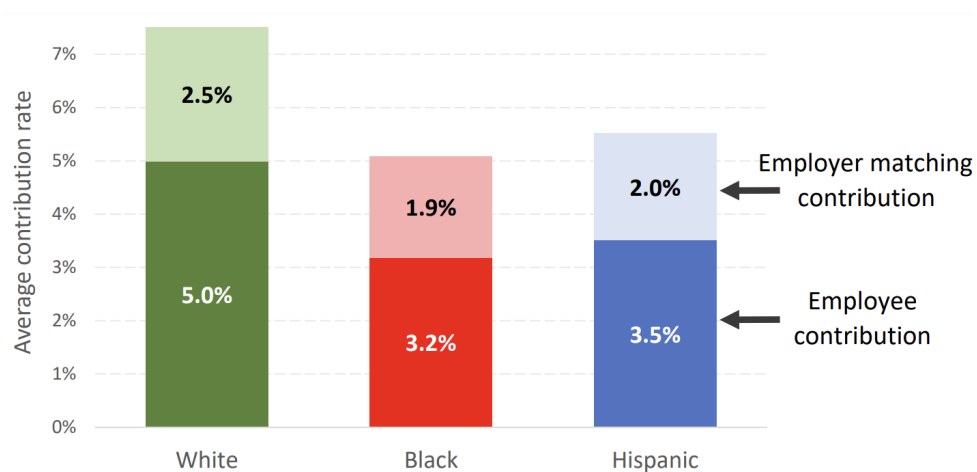
We briefly summarize three of our main results.

### *3.1 There are substantial gaps in saving by race*

Figure 1 shows average contributions, as a percentage of earnings, to employer-sponsored Defined Contribution accounts among workers offered them. White, non-Hispanic workers save 1.8 and 1.5 percentage points more of their earnings than Black and Hispanic workers, respectively. These gaps are then amplified by differences in

employer contributions: for workers benefitting from an employer match, the more that the employee saves, the more their employer contributes.

*Figure 1: Average employee and employer contributions, by race*

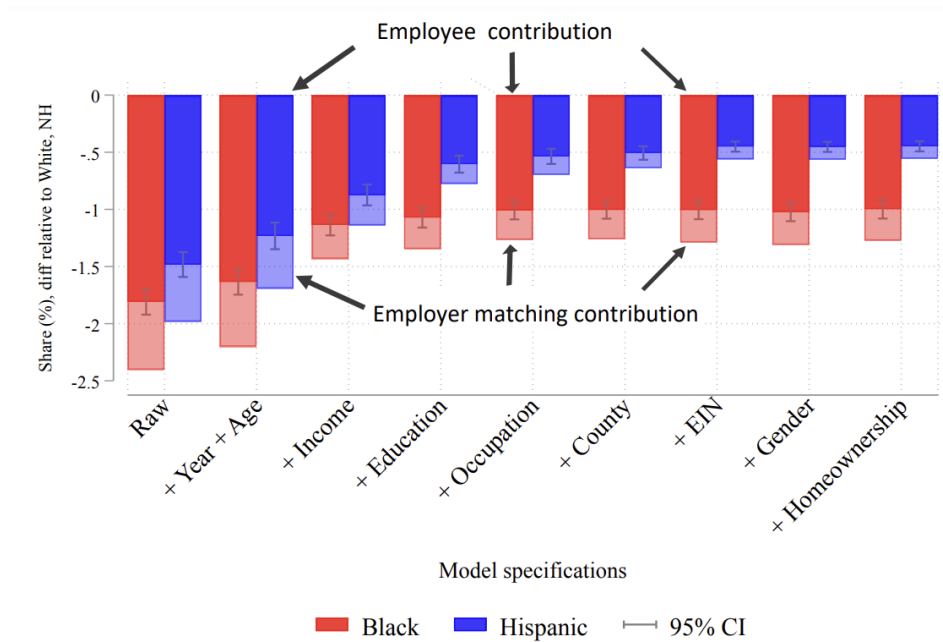


### *3.2 A rich set of controls can explain only one-third of the Black-White savings gap and one-half of the Hispanic-White NH savings gap*

The patterns described in Figure 1 do not adjust for other differences between races that associate with saving. Those who earn less save less on average and it has been well-documented that Black and Hispanic workers earn less, on average, than White, non-Hispanic workers. Figure 1, in isolation, could be reflective of differences in income or other individual characteristics. Figure 2 investigates this hypothesis. The red bars show different measures of the Black-White gap, while the blue bars are for the Hispanic-White gap. The first set of bars gives the 'raw' gap implied by Figure 1; successive bars control, using linear regression, for year, age, income, education, occupation, county, and employer. Differences in these characteristics do explain some of the savings gap (approximately one-third of the Black-White gap and one-half of the Hispanic-White gap). However, even comparing individuals of different races but of the

same age and education level, living in the same county, sharing an occupation, and working in the same firm for the same income, there remain substantial gaps in saving.

Figure 2: Saving gaps, by race, controlling for individual characteristics



### 3.3 Differences in access to liquidity and differences in parental resources across race contribute to the savings differential

The gaps illustrated above imply differences in remuneration in the form of deferred compensation for workers of different races, and have consequential implications for living standards in retirement. While a full accounting for these differences is beyond the scope of this work, we find evidence for two (related) drivers of these differences in savings behavior.

The first driver comes from differences in liquidity needs. Employer-sponsored retirement accounts are partially illiquid before the age of 59.5 – before, withdrawals trigger a tax penalty in most cases. Black retirement savers are substantially more likely



to take an early withdrawal than are White retirement savers. We take this differing incidence as evidence of differing liquidity needs, and thus a differential ability to avail oneself of tax-favored and employer-subsidized illiquid accounts.

The second driver comes from differences in parental resources. We can link some of our sample to their parents' records. We show that those with richer parents save more in retirement accounts than those with poorer parents. Those with parents in the top income decile save about half a percentage point of their earnings more than some with similar characteristics but with a parent in the poorest income decile, perhaps reflecting the fact that those with access to more parental wealth can save more in illiquid accounts. This, combined with racial differences in parental incomes, accounts for a significant share of the residual savings gap.

#### 4. Directions

The final part of our study considers how these saving behaviors interact with the institutional supports for savers in contributing to wealth gaps by race. We have built a microsimulation model which combines data on earnings, savings, employer match details, and a specification of the federal tax code and the Social Security rules. Results will be included in our paper once approved for disclosure by the U.S. Census Bureau.

#### 5. Conclusion

Saving in illiquid employer-sponsored retirement accounts is heavily subsidized in the US. We document differences by race in saving in these accounts, and we show how these disparities associate with different levels of liquidity needs and parental resources by race. The combination of these patterns of saving (and dissaving), and a

retirement system designed to incentivize saving, provide a quantitatively important contribution to different levels of wealth accumulation by race.

## References

Brown, D. A. (2022). *The whiteness of wealth: How the tax system impoverishes Black Americans--and how we can fix it*. Crown.

Derenoncourt, E., Kim, C. H., Kuhn, M., & Schularick, M. (2022). *Wealth of two nations: The US racial wealth gap, 1860-2020* (No. w30101). National Bureau of Economic Research.

Board of Governors (2021), *Distributional Financial Accounts*,

<https://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/chart/>

# **Disparities by Race and Gender in SS(D)I Applications and Awards**

**Yang Wang**

University of Wisconsin - Madison

**Muzhe Yang**

Lehigh University

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely the those of the authors and do not represent the views of SSA, any agency of the federal government, or the University of Wisconsin-Madison's Center for Financial Security.

## Introduction

This research analyzes potential racial and gender disparities in the application and award processes of Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. Using rich datasets and advanced estimation methods, this study provides an in-depth analysis of how to examine the presence of these disparities, which can be important for promoting fairness and trust in these programs. Specifically, this study employs the "double/debiased machine learning (ML)" estimator (Chernozhukov et al., 2018), allowing individual-level variation in the disparity and capturing the disparity that may vary with observable characteristics more flexibly. Initial findings show different SSDI and SSI application and receipt proportions, and analysis using the new estimator highlights significant gender disparity in SSDI applications. However, it is crucial to note that the study's aim is not to provide an unbiased estimate of the disparity but to investigate whether the conclusion about the existence of disparity can still hold when traditional estimation methods are replaced by the new method we employ. This research focuses on White vs. Black and Male vs. Female comparisons due to data availability but can be extended to other dimensions. Our study contributes to policy development by enriching the toolbox for examining biases in the SSDI and SSI programs, potentially facilitating interventions to improve equity. Additionally, our study underscores the importance of comprehensive data collection to track and mitigate potential disparities.

## Literature Review

Studies show racial and gender disparities in application and award rates for disability benefit programs, SSDI and SSI (e.g., Godtland et al, 2007). Existing research indicates lower award rates for African Americans compared to whites; younger African American claimants were more likely to be denied benefits. However, there are conflicting findings, with other studies revealing no racial disparities, with white claimants no more likely than minority claimants to receive favorable decisions. Gender differences were also found to be evident, with women over 55 more likely to be rejected based on vocational criteria (e.g., Baldwin 1997). Although these disparities exist, variations occur based on age, attorney representation, and the specific stage of determination. Existing research often assumes a constant disparity across all individuals of a study's population, which may not be true, potentially leading to biased estimates. These complexities suggest a need for more advanced methodologies that help understand the nuanced relationship between race, gender, and SSI and SSDI application and award outcomes.

## Data and Method

Our research employs two main databases: the Health and Retirement Study (HRS) and the U.S. Social Security Administration (SSA) data linked with the HRS. And we use additional information from the University of Kentucky Center for Poverty Research (UKCPR). The HRS, conducted biennially by the University of Michigan, provides nationally representative data on adults over age 50. We use the "RAND HRS Longitudinal File 2018 (V2)" and the "Cross-Wave Geographic Information (State)

[1992–2018]” file. From the SSA, we receive restricted files linking individual HRS data to SSA records, encompassing Form 831 Disability Records, Disability Analysis File, and Permissions Consent History. Lastly, we use the UKCPR's National Welfare Data for state-level variables. Our outcome measures are SS(D)I applications and receipts (2006-2018), following the procedure suggested by Hyde and Harrati (2021). Our study's focus on race and gender disparities prompts data aggregation across multiple HRS waves.

This study applies the double/debiased ML estimator to a model including an outcome-equation and a "treatment"-equation. The average treatment effect (ATE) is defined by the average of individual-level, possibly heterogeneous, treatment effects. However, estimating the ATE faces challenges including model specification and model selection errors. To overcome these problems, the double/debiased ML estimator implements a version of the doubly-robust estimator (specifically, the augmented inverse probability weighting estimator), which only needs one of the two models (for the outcome and the treatment) to be correctly specified. Additionally, the Neyman orthogonality property possessed by the double/debiased ML estimator helps mitigate selection errors. This estimator combines three techniques: the least absolute shrinkage and selection operator (LASSO), cross-fitting, and resampling. We determine the LASSO's tuning parameter using a plugin approach, ensuring optimal convergence rate for both prediction and statistical inference. To implement the double/debiased ML estimator, we use a linear model for the outcome variable and a logit model for the binary treatment variable, and we use LASSO for dimension reduction based on a pool of 830 potential predictor variables. Interactions between the predictor variables and the

treatment dummy variable are captured by the double/debiased ML estimator in a data-driven way. We also implement robustness checks in the estimation of the ATE using alternative specifications for this estimator, such as using different criteria for determining LASSO's tuning parameter as well as requiring certain demographic variables to be always included in the estimation process.

## Results

Our full sample is based on the HRS's self-reported SSDI/SSI applications and receipts data, with 17,107 observations. The consent sample, consisting of 11,853 observations, uses the SSA's administrative records and only includes those HRS respondents who consented to linking their data with the SSA's records during our study period. Notably, around 75-76% of HRS respondents had given their consent, aligning with previous research. When comparing the full sample with the consent sample, we found that SSDI/SSI application and receipt proportions are higher in the latter. Further, SSDI/SSI application and receipt rates vary with different ways of defining respondents who had applied for or received benefits. The HRS data (self-reports) produced lower proportions than the SSA data (administrative records), consistent with earlier findings. Importantly, the unweighted and weighted summary statistics were closely aligned.

For comparison purpose, initially we used the ordinary least squares (OLS) estimator to study racial and gender disparity, considering a range of control variables, including individual-level demographic variables, continuous covariates (age, years of education, household size, number of living children, number of health conditions, depression score, daily activity limitations, BMI, income, and total wealth), and discrete covariates (health behavior and insurance coverage). State-level variables, including

population, unemployment rate, poverty rate, minimum wage, and political leanings were also considered. One key observation from the OLS estimates was that racial disparity diminished as more control variables were introduced. However, we should note that these OLS estimates provide limited insights, as they do not include interaction terms between the “treatment” variable and observables. In contrast to racial disparity, a significant gender disparity was found in SSDI applications. Even so, these OLS estimates were also limited due to the absence of interaction terms.

Detailed examination of racial disparity and gender disparity using the OLS when controlling for interaction terms suggested divergent patterns. In the racial disparity analysis, there appeared to be no statistically significant disparity once interaction terms were controlled for. On the other hand, the gender disparity analysis suggested a robust decrease in SSDI applications among females when compared with males.

Next, we applied the double/debiased ML estimator. In the case of racial disparity, no significant disparities were found in SSDI and SSI applications/receipts when we controlled for as many possible interactions between Black (1/0) and the observed variables in a flexible, data-driven way using the double/debiased ML estimator. However, for gender disparity, a statistically significant decrease was found in the case of SSDI applications among females compared with males.

Lastly, we examined the robustness of our estimates to alternative specifications for the LASSO technique, a critical component of the double/debiased ML estimator. Our findings were found to be robust to these alternative specifications, particularly in the estimation of gender disparity.



## Conclusion

This study explores racial and gender disparities in SSDI and SSI applications and awards, using rich datasets and advanced methods. We found significant gender disparity in SSDI applications, with fewer females applying compared to males.

## References

- Baldwin, Marjorie L. 1997. "Gender differences in social security disability decisions." *Journal of disability policy studies* 8, no. 1-2: 25-49.
- Chernozhukov, V., D. Chetverikov, M. Demirer, E. Duflo, C. Hansen, W. Newey and J. Robins. 2018. "Double/Debiased Machine Learning for Treatment and Structural Parameters." *The Econometrics Journal* 21(1): C1-C68.
- Godtland, Erin M., Michele Grgich, Carol Dawn Petersen, Douglas M. Sloane, and Ann T. Walker. 2007. "Racial disparities in federal disability benefits." *Contemporary Economic Policy* 25, no. 1: 27-45.
- Hyde, Jody Schimmel, and Amal Harrati. 2021. "The Alignment Between Self-Reported and Administrative Measures of Application to and Receipt of Federal Disability Benefits in the Health and Retirement Study." Center for Retirement Research, Boston College, *The Alignment Between Self-Reported and Administrative Measures of Application to and Receipt of Federal Disability Benefits in the Health and Retirement Study* (December 14, 2021).

## Panel 2: Decline in SSDI and SSI Applications

Moderator: Jeffrey Hemmeter, Social Security Administration

Presenters' names are in bold and marked by an asterisk.

*“What Factors Explain the Drop in Disability Insurance Rolls from 2015 to 2019?”*

*(BC23-14)*

Siyan Liu and **Laura D. Quinby\*** (Boston College)

*“Mixed-methods Study on Work-disabled Adults Who Do Not Apply for Social Security*

*Disability Benefits” (UM23-08)*

**Lila Rabinovich,\*** Doerte Junghaenel, and Tabasa Ozawa (University of Southern California)

*“Racial and Ethnic Differences in Job Characteristics and Disability Retirement”*

*(UM23-06)*

Amanda Sonnega (University of Michigan); **Dawn Carr\*** (Florida State)

# **What Factors Explain the Drop in Disability Insurance Rolls from 2015 to 2019?**

**Siyan Liu**

Boston College

**Laura D. Quinby**

Boston College

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely those of the authors and do not represent the views of SSA, any agency of the federal government, or the Center for Retirement Research at Boston College.

## Introduction

In 2015, the number of individuals receiving Social Security Disability Insurance (DI) benefits began to drop, reversing an upward trend that had persisted for two decades. Policymakers have wondered whether this drop reflects a permanent shift, especially since it has helped improve the program's finances.<sup>1</sup>

This recent drop in the DI rolls is due to increased terminations, as beneficiaries age into Social Security's retirement program, combined with a steep decline in the incidence rate (the number of new DI awards relative to the insured population) starting in 2010. Three factors could be playing a role.<sup>2</sup> First, population aging may have reduced the number of workers eligible for DI. Second, a strong economy following the Great Recession made DI less attractive to prospective applicants with some ability to work. And third, policy changes at the Social Security Administration (SSA) – notably, field office closures and a stricter approach toward awarding benefits on appeal – increased the difficulty of applying and reduced the share of applicants who are accepted. This study determines the relative contribution of each factor to the drop in the incidence rate from 2010-2019.

---

<sup>1</sup> In 2015, when DI rolls were at their peak, the Social Security Trustees Report projected that the DI trust fund would deplete its reserves in 2016. In response, policymakers temporarily reallocated a portion of the Social Security payroll tax from the retirement program to the disability program. This infusion of revenue, combined with the falling DI rolls, greatly improved the DI program's financial position. The 2023 Trustees Report projected that the fund would never deplete its reserves over the 75-year horizon (U.S. Social Security Administration, 2015 and 2023).

<sup>2</sup> See U.S. Social Security Administration, Office of Retirement and Disability Policy (2019) for a summary of these potential explanations.

## Trends in DI Rolls: 1990 to the Present

From 1990 to 2015, the number of DI beneficiaries steadily increased. Policy reforms in 1984 expanded the eligibility criteria for benefits. Meanwhile, disability rates rise with age, and baby boomers were aging into the more lenient criteria. Lastly, the general rise in female labor force participation increased the share of women eligible for benefits, and they too aged into the more lenient eligibility criteria. At the same time, a strong labor market during much of this period put countervailing pressure on the number of new applications.<sup>3</sup>

In recent years, the trajectory of the program has shifted. Whereas, before 2015, the number of new DI awards always exceeded the number of beneficiaries leaving the program, the early 2000s saw an acceleration of beneficiaries aging into the OASI program. And, more importantly, the number of new DI awards has been dropping continuously since 2010. In 2015, the number of new awards finally fell below the number of terminations so the DI rolls began to drop.

The decline in new awards is not due to a contraction of the insured population. Instead, it is due to a shift in the incidence rate, which by 2019 had dropped down to 0.44 percent from its 2010 peak of 0.69 percent. Although the incidence rate continued to go down during the pandemic, economic conditions, population health, and the policy environment also changed markedly when COVID hit. Since our goal is to understand the structural forces driving down the DI rolls, rather than the temporary impacts of COVID, our analysis stops before the pandemic.

---

<sup>3</sup> Liebman (2015) and Technical Panel on Assumptions and Methods (2015).

## Data and Methodology

We decompose the drop in the incidence rate by taking the level change in each factor of interest and multiplying that change by the impact of each factor on awards. This approach involves three stages.

The first stage accounts for population aging. It starts by calculating age-specific incidence rates in 2010 using SSA administrative data. These rates are then multiplied by the share of the insured population in each age group in subsequent years and averaged together.<sup>4</sup> This exercise yields the counterfactual incidence rate if all the factors, except aging, had remained at their 2010 levels.

The second stage accounts for the business cycle. SSA provided administrative data on DI applications, by state and year, for 1990-2019. We combine these records with insured population counts and unemployment rates from the 1990-2019 *Current Population Survey*. Regression analysis is then used to estimate how a one-percentage-point change in the unemployment rate affects the DI application rate. We multiply this regression result by the total decline in unemployment experienced nationally between 2010 and 2019. The resulting drop in DI applications is then multiplied by an allowance rate to show how falling unemployment affected the DI incidence rate.

The third stage accounts for SSA policy change. To begin, we focus on field offices because a previous study has already established the effect of closures on DI

---

<sup>4</sup> We use the *Current Population Survey* to estimate the insured population, defined here as people ages 18-64 who are not yet receiving Social Security benefits.

awards in the local area.<sup>5</sup> Scaling this local estimate to the national level involves multiplying the marginal impact of one closure by the total number of closures and adjusting for the share of the population residing in affected areas.

The final policy is ALJ retraining. Since we lack convincing evidence on the impact of this policy, we assume that any remaining difference between the observed incidence rate and the counterfactual rate is the effect of ALJ retraining. While this approach has the advantage of simplicity, it overstates the importance of ALJs if other factors not considered here are also driving down the incidence rate.

## Results

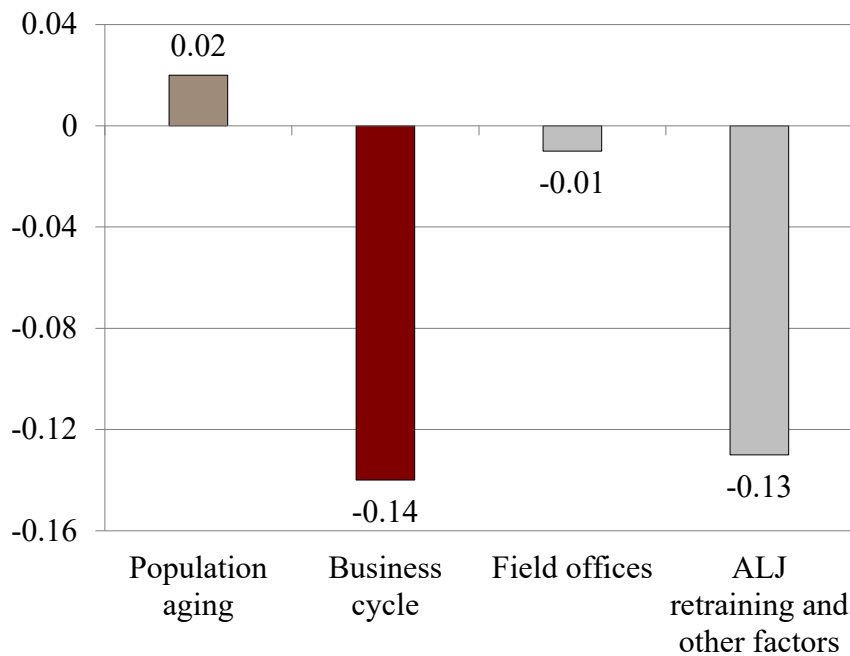
Figure 1 presents the main finding: how much of the 0.25-percentage-point drop in the incidence rate is attributable to the various factors. The gold bar shows that, between 2010 and 2019, population aging would have *increased* the incidence rate by 0.02 percentage points if all the other factors had stayed constant. The red bar shows the impact of the business cycle, which decreased the incidence rate by 0.14 percentage points. The first gray bar incorporates field office closures, decreasing the rate by a slight 0.01 percentage points. Lastly, ALJ retraining (and other factors) reduced the incidence rate by another 0.13 percentage points. Ultimately, the business cycle and a stricter process for awarding benefits on appeal emerge as the two most important drivers of the incidence rate in recent years, although other factors not accounted for may also be playing a role.<sup>6</sup>

---

<sup>5</sup> Deshpande and Li (2019).

<sup>6</sup> Although the exact numbers are somewhat sensitive to underlying assumptions, the conclusion holds for a reasonable range of parameters.

Figure 1: impact of various factors on the DI incidence rate, 2010-2019



Note: Due to rounding, the total drop in the incidence rate implied by this figure is -0.26 percent.

Sources: Authors' estimates from data provided by SSA's Office of Disability Programs; the CPS (1990-2019); and Deshpande and Li (2019).

## Conclusion

Between 2015 and 2019, the DI rolls dropped steadily driven by an increase in terminations and a steep decline in the incidence rate. The falling incidence rate was driven by a strong economy and a stricter process for awarding benefits on appeal, although other factors not accounted for could also be playing a role. With the finances of DI now on a stronger trajectory, the time may have come to somewhat rebalance the goals of DI from encouraging labor force participation to protecting vulnerable people.



## References

- Deshpande, Menasi, and Yue Li. 2019. "Who is Screened Out? Application Costs and the Targeting of Disability Programs." *American Economic Journal: Economic Policy* (11)4: 213–248.
- Liebman, Jeffrey B. 2015. "Understanding the Increase in Disability Insurance Benefit Receipt in the United States." *Journal of Economic Perspectives* (29)2: 123–50.
- Technical Panel on Assumptions and Methods. 2015. "Report to the Social Security Advisory Board." Washington, DC.
- U.S. Social Security Administration. 2023. *The 2023 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*. Washington, DC.
- U.S. Social Security Administration. 2022. *Annual Statistical Report on the Social Security Disability Insurance Program*. Washington, DC.
- U.S. Social Security Administration, Office of Retirement and Disability Policy. 2019. "Trends in Social Security Disability Insurance." Briefing Paper No. 2019-01. <https://www.ssa.gov/policy/docs/briefing-papers/bp2019-01.pdf>
- U.S. Social Security Administration. 2015. *The 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*. Washington, DC.

# **Mixed Methods Study on Work-Disabled Adults who do not Apply for Social Security Disability Benefits**

**Lila Rabinovich**

University of Southern California  
Center for Economic and Social Research

**Doerte U. Junghaenel**

University of Southern California  
Center for Economic and Social Research

**Tabasa Ozawa**

University of Southern California  
Center for Economic and Social Research

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely those of the authors and do not represent the views of SSA, any agency of the federal government, or the Michigan Retirement and Disability Research Center.

## Background

More than 20 million adults or 10% of the working age population in the United States report a work disability, but only around 11 million currently receive disability benefits through the Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) programs (SSA, 2023; Theis et al., 2018). The assumption is that this difference may be made up of individuals who may be eligible for disability benefits but have not yet applied. While research has investigated the factors associated with the probability and timing of a disability claim (Li and Maestas, 2008; Armour, 2018; Foote et al, 2019; Deshpande and Li, 2017; Maestas et al 2014), the extent and determinants of non-take up of disability benefits remains more obscure. One key challenge has been the measurement and identification of the non-participant population. Another challenge has been understanding *how* individuals make decisions about whether and when to apply for disability benefits from a qualitative perspective.

This study aims to contribute to this field through a comprehensive mixed-methods study to understand: (1) the characteristics of non-applicants amongst those with self-reported work disabilities, and (2) decision-making around benefits applications among adults with self-reported work disability who have never applied.

## Approach

This comprehensive mixed-methods study consists of quantitative analyses of existing survey data and qualitative interviews. For the quantitative component, we analyzed data from respondents in the Understanding America Study (UAS), a nationally-representative internet panel, who participated in UAS survey 322 (n = 8188). To create a pool of potentially eligible respondents, we applied the following selection criteria: UAS panelists must have reported (1) one or more chronic health conditions; (2) work limitations because of health condition(s); and (3) current income below ~\$1400.

Respondents who fit these criteria were then categorized into one of three groups: Those who never applied for SSDI/SSI (n = 505); those who applied in the past but did not receive benefits (n = 104); those who were awarded SSDI/SSI benefits (n = 456).

For the qualitative component, we conducted 50 in-depth qualitative interviews with a sample of UAS respondents who had reported a work disability in previous surveys, were ages 25 to 65, had never applied for Social Security disability, and had a current income under \$1,400.

## Quantitative results

Our results showed that out of the pool of potentially eligible respondents 47% had never applied for SSDI/SSI benefits, 10% applied but have not been awarded (yet), and 43% were awarded benefits. We compared these three groups on **demographic characteristics**, **cognitive abilities**, and **disability-related perceptions**. First, we found that UAS respondents who have never applied for benefits were more likely to be older, more highly educated, married, male, and White, and had higher socioeconomic status compared to the other two groups of respondents. No significant group differences were found for Hispanic compared to non-Hispanic, and respondent location (urban compared to rural). For **cognitive abilities**, we found that UAS respondents who have never applied for benefits had better quantitative and verbal reasoning skills, and a lower probability of cognitive impairment compared to the other two groups. An explanation for these findings may be that the more resourceful are less likely to need benefits, and/or that they face a lower likelihood of award; it is also possible that, controlling for other factors such as education, those with lower cognitive ability do in fact face barriers to applying. For **disability-related perceptions**, we found that those respondents who have never applied had a lower perception of stigma surrounding disability.

## Qualitative results

Most of our qualitative participants (78%) had associate's degrees or some college and below. Fifty-six percent were white, 26% Hispanic, and 10% Black. The gender distribution was uneven, with females accounting for 86% of our interviewees despite efforts to recruit more men. Importantly, due to errors in self-reporting and recent applications, 78% of our interviewees had never applied for benefits, with the remaining 22% having applied in the past.

Qualitative findings help us understand the ways in which people think and make decisions about disability benefits when experiencing a work disability. We found that participants' behavioral responses to their work disability were typically influenced by a mix of structural and personal barriers and deterrents to applying for benefits. A central issue participants raised was their **diagnosis, treatment, and medical care**, and how these interacted with their disability benefits decisions. Some participants reported long delays in receiving a diagnosis for their symptoms; others reported that providers were struggling to find the most appropriate and effective treatment, both of which raised questions about whether a return to work was possible. Participants also talked about how their acute healthcare needs overwhelmed considerations about disability benefits: *"I think we may have thought about [applying for benefits], but then we didn't do anything. I spent so much time at the hospital and I had a lot of problems where I kept being hospitalized for different things. It was not at the top of my thinking."* (Female, 50-65, never applied). Finally, there were cases in which participants were not receiving the care they needed, which was also a barrier to disability application.

Another frequently-cited reason why many interviewees had not applied for disability is the **expectation of denial**. Within this overall expectation of denial, there were three main narratives. One group of participants believed or were told they would

be ineligible by third parties, notably physicians - but may have not officially confirmed - that they are ineligible. A second group reported that knowing others who had negative application experiences (what one participant called a “long and terrible road”) was a major disincentive. Finally, there was a group that believed the SSA denies the vast majority of applications: *“They’re just rubber-stamping denial on it and telling you to do it all again” (Male, 50-65, never applied).*

The **onerous nature of the application process** was the most frequently mentioned reason for not applying for SS disability. Broadly, there were two sub-themes here. First, there were people concerned with the time and effort involved: *“...I [know about] all the paperwork and all the red tape... I don’t have time because I’m always trying to make money and thinking about how to get money.” (Female, 50-65, never applied).* Second, some interviewees felt that it is also an emotionally taxing process; a few were especially discouraged by the idea that they would have their disability scrutinized and questioned: *“I don’t feel like I should have to explain the fact that at one point in time I was very productive [...] it’s a long and emotional process and I don’t feel like I’m up to that.” (Female, 50-65, never applied).*

While we initially expected stigma to be an important factor in application decision-making, we found that interviewees were significantly more swayed by how applying for disability would affect their own **self-concept** (the references, feelings and ideas that a person has about him/herself, which are expected to influence the way people act). Interviewees noted that applying for disability would feel like they are “quitting”, becoming dependent on “assistance”, or “checking out”.

Exploring the ways in which informational barriers operate with individuals likely eligible for benefits is important. Research has shown that information alone can make a difference in program take up (Finkelstein and Notowidigdo, 2019). In our study, we

identify two overall **information barriers**. The first one is behavioral, and is around the initial impetus for looking for information on benefits and eligibility: *“I guess I didn’t really have anybody kind of tell me about it. You know? I didn’t even know I could apply for it.” (Female, 18-35, never applied)*. A second barrier is around accessibility of information, with barriers for particular populations. For instance, a Hispanic participant cited concerns about language and transportation as reasons why she was not able to go to a Social Security office to get more information about benefits.

Finally, **financial barriers** were also cited by participants. Some noted their knowledge or perception that the benefit amount would not be sufficient to survive on: *“Just from asking around, asking people about what they got for their disabilities. And it’s like, ‘Wow. I couldn’t live off that.’ So, I just got to figure it out.” (Female, 36-50, never applied)*. Others were concerned that disability benefits would negatively interact with other benefits they were receiving. A final set of individuals had a different narrative: their financial situation was not urgent and therefore benefits were not needed.

## Implications

Decisions to apply or not for benefits are complex and multi-factorial, including personal and structural barriers. Notably, high transaction costs involved in disability applications coupled with the widespread perception of low approval rates may be deterring eligible individuals. Uncertain and lengthy medical processes after onset of disability may also act as a deterrent. Greater personal and cognitive resources also make it less likely that people will apply for benefits. Stigma about receiving disability benefits does not appear to be a factor in application behavior.

## References

- Armour, P. (2018). The role of information in disability insurance application: an analysis of the social security statement phase-in. *American Economic Journal: Economic Policy*, 10(3), 1-41.
- Deshpande, Manasi, and Yue Li. 2017. "Who Is Screened Out? Application Costs and the Targeting of Disability Programs." National Bureau of Economic Research (NBER) Working Paper 23472.
- Finkelstein, Amy, and Matthew J. Notowidigdo. 2019. "Take-up and targeting: Experimental evidence from SNAP." *The Quarterly Journal of Economics* 134.3: 1505-1556. <https://doi.org/10.1093/qje/qjz013>
- Footnote, Andrew, Michel Grosz, and Stephanie Rennane. 2017. "The Effect of Lower Transaction Costs on SSDI Application Rates and Participation." <https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbnxtaWNoZWxncm9zenxneDozMjViYTMyMGY1MjM4NTNm>.
- Li, Xiaoyan, and Nicole Maestas. 2008. "Does the Rise in the Full Retirement Age Encourage Disability Benefits Applications? Evidence from the Health and Retirement Study." Michigan Retirement Research Center (MRRC) Working Paper 2008–198.
- Maestas, N., Mullen, K. J., & Strand, A. (2014). Disability insurance and health insurance reform: Evidence from Massachusetts. *American Economic Review*, 104(5), 329-335.



Social Security Administration (SSA). 2023. Monthly Statistical Snapshot.

[https://www.ssa.gov/policy/docs/quickfacts/stat\\_snapshot/](https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/) (accessed June 2023).

Theis KA, Roblin DW, Helmick CG and Luo R (2018) Prevalence and causes of work disability among working-age adults, 2011-2013, NHIS. *Disability and Health Journal* 11:1, pp. 108-115. Doi 10.1016/j.dhjo.2017.04.010

# **Racial and Ethnic Differences in Job Characteristics and Disability Retirement**

**Amanda Sonnega**

University of Michigan

**Dawn Carr**

Florida State University

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely those of the authors and do not represent the views of SSA, any agency of the federal government, or the Michigan Retirement and Disability Research Center.

## Background

The fraction of occupations that can be described as “bad jobs” has increased in recent decades (Burgard & Lin, 2013). These jobs are typically characterized as precarious, offering few pension or health insurance benefits, and having low pay. This characterization of “bad jobs” often excludes the large literature in occupational health that documents wide-ranging health impacts of jobs that are physically demanding, dangerous, and stressful. These jobs are not randomly distributed in society. Occupations reflect rigorous sorting by race and ethnicity due to structural racism in the educational and judicial systems and labor market (Penner, 2008), with Black and Hispanic workers more likely to occupy jobs that are more physically demanding and dangerous (Seabury, Terp & Boden, 2017; BLS, 2023).

Jobs that are physically demanding, stressful and dangerous are typically associated with earlier onset of physical health decline (Peckham et al., 2019; McMillan & Shanahan, 2021) and may therefore be associated with increased risk of early retirement due to disability,

Occupational sorting into “physically and psychologically bad jobs” is related to early life disadvantages through educational opportunities and hiring practices that can be racially patterned. We are aware of no research, however, that has examined whether such jobs differentially affect Black and Hispanic workers relative to White workers regarding disability retirement.

## Methods

We used Health and Retirement Study (HRS) datasets linked with an Occupational Information Network (O\*NET)-Census 2010 occupation dataset that our team developed and is available on the HRS website as a restricted data product. We used HRS core interview data drawn from the RAND longitudinal data file (Bugliari et al., 2022) and detailed occupational histories from the Life History Mail Survey (LHMS), a project of the HRS that captures jobs held for at least one year after the end of formal schooling. We linked the LHMS data on lifetime occupational history data to a set of “work context” and “work activity” measures from the O\*NET.

Our sample includes all HRS respondents who (1) completed a “job grid” in the 2017 LHMS and have start and end dates for at least one job and (2) reached at least the age of 62 by their most recent HRS interview. We identified 6,869 respondents meeting these criteria, including 575 respondents who identified as Hispanic and 6,294 who identified as Black or African American.

## ***Measures***

We created three separate indicators of disability retirement. In the LHMS, respondents reported up to 10 jobs they worked for at least a year after completing their education. For each job, they were also asked what they did after leaving the job. We identify all the individuals who reported they were on medical leave or disabled after their job. They were flagged as disabled beginning from that job.

We used the LHMS job grid to construct individual lifetime job histories that included start/end dates, full or part-time, and Census coded occupation. We used the Census occupation code to link to detailed information about the job in the Occupational

Information Network (ONET) database. We evaluated 36 different job exposures some of which are shown in Table 1.

Table 1: Examples of bad jobs

Frequency of Conflict Situations	Cramped Work Space, Awkward Positions
Deal With Unpleasant or Angry People	Exposed to Hazardous Conditions
Contact With Others (reverse code for “isolation”)	Exposed to Hazardous Equipment
Indoors, Not Environmentally Controlled	Exposed to Minor Burns, Cuts, Bites, or Stings
Outdoors, Exposed to Weather	Spend Time Climbing Ladders, Scaffolds, or Poles
Sounds, Noise Levels Are Distracting/ Uncomfortable	Spend Time Kneeling, Crouching, Stooping, Crawling
Very Hot or Cold Temperatures	Spend Time Bending or Twisting the Body
Extremely Bright or Inadequate Lighting	Spend Time Making Repetitive Motions
Exposed to Contaminants	Deal With Physically Aggressive People

We created two exposure measures, one for lifetime sum and one for lifetime average bad job exposure. For the first, we sum up the annual level measures from the 1<sup>st</sup> year people reported a job in LHMS to 2017. The lifetime sum exposure measure captures the lifetime overall exposure one might have for a specific work context or activity. A high value might come from long-term lower level exposure or from higher exposure across a few a few years. The lifetime average exposure is simply the mean value of the annual level across the life course. This measure reflects the average level of exposure over one’s career, which does not depend on the length of one’s career.

## Results

In regression models that controlled for gender, educational level, and birth cohort, we found that Black workers were more likely than non-Hispanic white workers

to retire early due to disability across all three disability retirement measures. On the other hand, Hispanic workers were less likely to retire early due to disability. In a second set of models, we evaluated racial and ethnic differences in exposure to bad jobs. Overall, we found evidence that indeed Black and Hispanic workers tended to have greater lifetime exposure to bad jobs relative to Whites. In a third set of regressions, we evaluated the extent to which exposure to bad jobs mediated the association between race and early retirement due to disability. We report here on results from the model with the LHMS medical leave/disability outcome. Interestingly, the work activity and context measures that were statistically significant mediators of the impact of race on disability retirement were primarily in the psychosocial realm rather than physical exposures. Specifically, the jobs that were lower in making decisions and solving problems, thinking creatively, involving contact with others, freedom to make decisions and those that were higher in frequency of conflict, and time spent sitting all reduced the magnitude of the coefficient on race, suggesting that they help explain some of the racial difference in disability retirement. These results may inform ways to modify work environments in ways that could improve the lives of workers in “bad jobs” while also reducing racial and ethnic disparities in disability retirement.

## References

- Burgard, S. A., & Lin, K. Y. (2013). Bad jobs, bad health? How work and working conditions contribute to health disparities. *The American Behavioral Scientist*, 57(8), 10.1177/0002764213487347.
- Bronshtein, G., Scott, J., Shoven, J.B. & Slavov, S. (2020). Leaving big money on the table: Arbitrage opportunities in delaying social security, *The Quarterly Review of Economics and Finance*, 78, 261-272.
- Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity: U.S. Bureau of Labor Statistics. Accessed February 22, 2023.  
<https://www.bls.gov/cps/cpsaat11.htm>
- Macmillan, R. & J Shanahan, M.J. (2021). Why precarious work is bad for health: Social marginality as key mechanisms in a multi-national context, *Social Forces*, 100(2), 821–851.
- Trevor Peckham, T., Fujishiro, K., Hajat, A., Flaherty, B.P., NSeixas, N. (2019). Evaluating employment quality as a determinant of health in a changing labor market, *The Russell Sage Foundation Journal of the Social Sciences*, 5(4), 258-281.
- Penner, A. M. (2008). Race and gender differences in wages: the role of occupational sorting at the point of hire, *The Sociological Quarterly*, 49, 597-614.
- Rhee, N. (2013). Race and retirement insecurity in the United States. National Institute on Retirement Security, December.

Seabury, S. A., Terp, S. Boden, L.I. (2017). Racial and ethnic difference in the frequency of workplace injuries and prevalence of work-related disability, *Health Affairs*, 36(2).



## Panel 3: Improving Communication and Outreach

Moderator: Denise Hoffman, Mathematica

Presenters' names are in bold and marked by an asterisk.

*“Analyzing SSA Communication, Outreach and Service Delivery in a Laboratory of State Pension Fund Members: Comparisons of Best Practices for ASRS and SSA, Pre- and Post-Pandemic” (WI23-15)*

**Dennis Hoffman\*** and Anthony Evans (Arizona State)

*“Utilizing Online Services to Proactively Support Beneficiaries in Underserved Communities” (NB23-12)*

**Dayo Oyeleye\*** (Bowie State)

*“Understanding the Social Security Communication Needs of Hispanics with Limited English Language Proficiency” (UM23-09)*

Lila Rabinovich and **Francisco Perez-Arce\*** (University of Southern California)

**Analyzing SSA Communication, Outreach and Service  
Delivery in a Laboratory of State Pension Fund  
Members: Comparisons of Best Practices for ASRS  
and SSA, Pre- and Post-Pandemic**

**Dr. Dennis Hoffman**

Center Director, L. William Seidman Research Institute, Arizona State University

**Dr. Anthony Evans**

Senior Researcher, L. William Seidman Research Institute, Arizona State  
University

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research is supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely the those of the authors and do not represent the views of SSA, any agency of the federal government, or the University of Wisconsin-Madison's Center for Financial Security.

## Project Description

This applied study draws from the Arizona State Retirement System's (ASRS) diverse population of 600,000 members drawn from 664 state, local and municipal employers to inform SSA best practice. Unlike alternative survey options, the ASRS population is rich in Hispanic and Native American members, and spans employers participating in both ASRS and SSA plans.<sup>10</sup> ASRS customer satisfaction ratings range up to 97%, dependent on member type and year.

Cross walking common ASRS/SSA customer service objectives, the study draws from ASRS' *Employers*, *Active Members*, and *Retired Members* surveys to suggest ways in which the SSA could attain the higher customer satisfaction scores demanded by its *Vision 2025* strategic plan. In particular, the study:

- a) Measures ASRS member attitudes towards the SSA using previously validated consumer satisfaction questions, compares with ASRS ratings, and explores the reasons for any differences.
- b) Examines self-reported information gathering behaviors before and during the pandemic to understand how ASRS members attempt to engage with SSA.
- c) Explores, via in-depth interviews of ASRS senior management and staff, strategies and experiences pre- and post-pandemic addressing challenges common to the SSA and ASRS.

---

<sup>10</sup> Some ASRS plans, such as the Police and Fire plan, do not participate in the SSA.

## Review of SSA Service Objectives

The SSA's *Vision 2025* and *2022-26 Update* place improving customer service near the top of the priority list. They aim to achieve this by addressing barriers to accessing services (Strategic Objective #1); expanding digital services (Strategic Objective #2); and by building a customer focused organization (Strategic Objective #3). Seidman's quantitative and qualitative analysis investigates outreach expansion and improvements to service delivery for under-represented individuals. They also examine interactions and perceptions of SSA digital services, along with customer needs and preferences for informational material and digital tools.

## Comparing SSA and ASRS Survey Initiatives

The SSA regularly schedules two surveys with publicly available summary results. Their *Prospective Client Survey* focuses on clients prior to receiving benefits similar to the ASRS *Active Members* survey. Their *Rate our Service* survey differs from the ASRS' Retired Members survey, as it assesses the benefit application experience. Overall satisfaction is queried in each survey, along with customer awareness and the use of online services and information delivery mechanisms.

Seidman's questions tap into each of these areas, augmented with questions designed to capture ethnic, race and gender characteristics of respondents.

### ***SSA Survey Measures of Service Satisfaction***

The SSA's FY2202 performance review recorded 71% overall caller satisfaction (excellent, very good, or good) and 89% agent courtesy satisfaction. An FY2018 review reported 93% satisfaction for field office visits, and 94% satisfaction for all SSA survey

respondents. In FY2016, satisfaction with in-person service (90%) exceeded satisfaction with telephone service (75%).

### ***ASRS Survey Measures of Service Satisfaction***

ASRS attained a 99% service retirees satisfaction rating (slightly, moderately or extremely satisfied) in 2019, dipping to 85% in 2020, 78% in 2021, and 77% in 2022.

71% of active members were satisfied in 2020, dipping to 64% in 2021 and 2022.

Seidman will explore the reasons for these changes in the ASRS interviews.

## Preliminary Survey Findings

### ***ASRS Employer Survey***

Issued in December 2022, ASRS received 351 responses, including 132 employers answering one or more of five SSA questions. Education K-12 (Public) accounted for 31.1% of the 132 employers, State Government 22.7%, and City and Town Government 16.7%. 47.7% were headquartered or based in Maricopa County, 9.1% in Pinal County and 5.3% in Pima County. All other AZ counties are rural.

22 had previously interacted with the SSA on behalf of their employer. The most popular forms of interaction were to file or upload W2s; file wages, taxes and reports; and to check the social security numbers of, or e-verify, employees.

More than 1 in 5 respondents agree or strongly agree that it is easy to do business with the SSA, rising to 36.5% when slightly agree ratings are included (n=115). Only one of the 22 respondents with prior SSA interactions disagree with the statement, compared to 14 who slightly agree, agree or strongly agree. Wilcoxon signed rank tests

suggest a higher level of agreement with the statement that “*It is easy to do business with the ASRS*” than “*It is easy to do business with the SSA*” ( $z = -7.576, p = <.001$  for all 115 respondents;  $z = -2.881, p = .004$  for the 22 with prior SSA interactions).

Approximately 1 in 4 express satisfaction with the SSA’s overall customer service, compared to less than 4% who are dissatisfied or extremely dissatisfied (n=111). Only one of the 22 respondents with prior SSA interactions disagrees, compared to 15 who are slightly satisfied, satisfied or extremely satisfied. Wilcoxon signed rank tests suggest the level of satisfaction with the ASRS’s customer service is statistically higher than the SSA’s for both the 115 respondents ( $z = -7.275, p = <.001$ ).and the 22 respondents with prior SSA interactions ( $z = -2.617, p = .009$ ).

### ***ASRS Active Members Survey***

Issued in January 2023, ASRS received 1,976 active member responses, including 1,039 who answered one or more of nine SSA and two socio-demographic questions. Key findings included:

- 476 of the active members have visited ssa.gov in the past 12 months.
- 57.9% claimed to have a good, great or excellent understanding of how their SSA benefit is funded, and 66.4% for benefit eligibility criteria.
- 50.8% claimed to have a good, great or excellent understanding of their SSA retirement benefit payment options, but only 38.1% for Medicare enrollment.
- 8.3% had personally interacted with an SSA representative.
- 56.1% were slightly, moderately or extremely satisfied with the SSA’s overall customer service.

A Wilcoxon signed rank test suggest the active members level of satisfaction is statistically higher for the ASRS than for the SSA's ( $z = -5.658$ ,  $p = <.001$ ).

### ***ASRS Retired Members Survey***

Issued in mid-May 2023, ASRS received 2,079 responses, including 841 answering one or more of eleven SSA and two socio-demographic questions. Seidman is still analyzing the responses but an analysis of the 838 respondents that rated both ASRS and SSA on overall customer service found that 69.4 % were slightly, moderately or extremely satisfied with SSA compared to 84.1% for ASRS. A Wilcoxon signed rank test suggest the active members level of customer service satisfaction is statistically higher for the ASRS than for the SSA's ( $z = -12.008$ ,  $p = <.001$ ).

### ***Multivariate Analysis***

Seidman will examine the relationships between service satisfaction ratings on each survey, comparing ASRS and SSA customer satisfaction across ethnic classifications, gender, age, and rural/urban locations. Models will apply a multinomial logit approach to account for ordinal dependent variables, where appropriate.

### ***ASRS Depth-Interviews***

Seidman will also use results from statistical analysis as a basis for interviews with ASRS management and staff, scheduled for early August.





**INSERT Oyeleye PDF HERE**

# **Understanding the Social Security Communication Needs of Hispanics with Limited English Language Proficiency**

**Lila Rabinovich**

Center for Economic and Social Research, University of Southern California

**Francisco Perez-Arce**

Center for Economic and Social Research, University of Southern California

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely those of the authors and do not represent the views of SSA, any agency of the federal government, or the Michigan Retirement and Disability Research Center.

## Background

According to United States census data, there are approximately 20 million adults with limited English proficiency (LEP) in the country, of whom more than 65% are Spanish speakers. Limited English proficiency has been identified as a barrier to economic security (Wilson, 2014) and access to healthcare (Fischer et al., 2021). Although potentially a critical source of retirement and disability insurance among this group (Yoong *et al*, 2015; Rabinovich *et al*, 2017), research is still lacking on the link between LEP status and access to Social Security. Through a mixed-methods study, this study aims to provide initial insights into the Social Security communications needs and preferences of the largest group of LEP individuals: Spanish speakers.

## Approach

We analyzed data from surveys in the nationally representative Understanding America Study (UAS) panel to compare the Social Security knowledge of Hispanic respondents with LEP versus other Hispanic constituents and the general population. Our research methodology capitalized on the available paradata pertaining to the language used to respond to the survey, as well as questions from other UAS surveys about the language typically used at home. Using the other groups as comparisons, we identify specific domains where the knowledge of LEP Hispanic respondents is particularly lacking, as well as the channels through which they acquire information, and their preferences for obtaining such information.

The qualitative phase of the study consisted of eight focus (two in person and six online) groups with Spanish speakers with limited English proficiency, screened using

the US Census questions on language use.<sup>11</sup> The two in-person groups included only individuals with low or no Internet literacy. The focus groups (conducted in Spanish) aimed to yield insights into questions including: (a) general Social Security attitudes/beliefs, knowledge, and information sources; (b) perceived Social Security information needs; and (c) preferences for effective information channels, sources, and approaches. A brief questionnaire collected additional information about knowledge and preferences.

## Quantitative results

We identified a statistically significant gap in knowledge about Social Security programs between Hispanic respondents with Limited English Proficiency (LEP) and other population groups. Such disparities are significantly wider than what can be accounted for by socioeconomic status (SES) and other characteristics commonly associated with having LEP. Intriguingly, the gaps in knowledge appear to be concentrated in specific areas. Particularly, LEP Hispanic respondents exhibit a lack of understanding about Social Security benefits, while their knowledge regarding Social Security taxes aligns with that of other population groups.

The low levels of knowledge among LEP Hispanic respondents can potentially be attributed to their access to information sources. We find that a substantially higher proportion of LEP Hispanic respondents report not having any sources of information

---

<sup>11</sup> (1) Do you speak a language other than English at home?  If answer is yes, then: (2) What is this language?  If answer is Spanish, then: (3) How well do you speak English? (a) Very well; (b) Well; (c) Not well; (d) Not at all. Those who respond b-d in question 3 would be considered LEPs by the US Census Bureau; following this designation, they are eligible to participate in our study.

about Social Security. Additionally, LEP Hispanic respondents tend to have fewer people in their social network who possess knowledge about Social Security. This likely explains why fewer of them report friends and family members as a source of information.

## Qualitative results

Our qualitative sample (n = 54) had a median age of 47 and was 61% female. Almost half had a high school education or less, and 100% spoke mostly Spanish at home. In the online groups, the average self-rated comfort with the Internet was 8.5 (on a scale of 1 to 10), while in the in-person groups the average was 3.7.

Our focus groups yielded important insights about perceptions and preferences for Social Security information among LEP Hispanic respondents. First, several participants across all groups had prior experience with Social Security or other government programs. From their narratives, we found two **primary channels** through which people first gain awareness of public programs, benefits and assistance. First are friends, family and acquaintances. Participants recognized these sources may have incorrect information, but argued that it is easy to be swayed, and that it is difficult to corroborate information. A second main channel of information is through social or health service providers (social workers, clinics, schools, physicians/nurses). Other sources mentioned were social media (Reddit, Facebook, YouTube), community organizations, and the news.

Recent survey research on Social Security **information preferences** among Hispanic respondents found that, unlike other groups with clearer preferences, the sources these respondents reported they would turn to were more varied (Carman et al,

2023). Although that study did not focus on LEP Hispanic people, we found something similar in our study. When we asked participants in the questionnaire to select their preferred methods for receiving Social Security communications, we found no clear preference. Online participants were more likely to choose email as a preferred channel, whereas our in-person participants (who have lower internet literacy) were more likely to choose text messages, and information delivered through local organizations and the media.

A significant portion of our discussion was spent on the issue of **language as a barrier to information** and program participation. First, we asked participants in the questionnaire whether they agreed or disagreed with the statement: “It is *easy* to obtain information about Social Security even though my English is not very good”; the majority said they agreed with that statement. The focus groups then revealed why this may be the case.

First, participants from places with high concentrations of Spanish speakers (e.g. New York City, Southern California, Texas, Miami), reported that the vast majority of official transactions (in person, online and by phone) could now be conducted in Spanish. Second, participants said that in spite of their low English proficiency, they can usually make themselves understood, and can understand others. They recognized this could be difficult (both practically and emotionally), but they could usually “make do”.

At the same time, there was widespread recognition that language can be a barrier in official transactions and information-seeking. This is both because of comprehension, and because it is a fraught process that can make people anxious or

intimidated. Also, participants noted that limited English proficiency often led to much longer wait times and to errors in filling out forms and fulfilling other requirements.

Participants also reflected on whether **online or in-person information-seeking** was best. There were mixed feelings about this issue; some people definitely prefer doing things in-person or by phone, because they felt this leads to the most trustworthy, legitimate and clear information. Others were weary of erratic service with in-person transactions, about long wait times, and about having no time to visit offices. Yet online information-seeking also presented barriers. Internet sources may be confusing and roundabout, and it is hard to know what information is legitimate and correct. Establishing what the reliable online sources are was very important across the groups, with government websites ending in .gov widely seen as the most trustworthy.

## Implications

The study finds that knowledge about Social Security is particularly low for LEP Hispanic respondents. The quantitative data suggest that addressing the gaps in information sources could significantly improve understanding of Social Security programs within this demographic. Qualitative insights indicate that there are higher transaction costs for LEP Hispanic people when seeking information or applying for benefits due to language barriers and uncertainty about entitlements. Shame, frustration, and anxiety may limit information-seeking and program take-up for LEP Hispanic people.

Understanding the most common institutional interactions among LEP Hispanic people may contribute to developing more effective outreach strategies. These

interactions most typically occur in schools, healthcare settings (especially hospitals and clinics), community organizations, and even the IRS. Internet outreach is complex; mistrust and bad information are prevalent. Yet individuals still use it, raising the question of how to optimize this outreach opportunity: “Search engines have a thing that if I look for pills for headache I get 700 ads for this. But if I look about Social Security I don’t get 700 ads for that [from] the official page” (Male participant, focus group 7).

## References

- Carman, Katherine, Samer Atshan, and Jhacova Williams. 2023. “Disparities in Social Security Knowledge and the Role of Social Capital.” Ann Arbor, MI. *University of Michigan Retirement and Disability Research Center (MRDRC) Working Paper*; MRDRC WP 2023-458.  
<https://mrdrc.isr.umich.edu/publications/papers/pdf/wp458.pdf>
- Fischer, A., Conigliaro, J., Allicock, S. et al. 2021. “Examination of social determinants of health among patients with limited English proficiency”. *BMC Research Notes* 14, 299. <https://doi.org/10.1186/s13104-021-05720-7>
- Wilson, J. H. (2014). Investing in English skills: The limited English proficient workforce in US metropolitan areas. *The Brookings Institution*.
- Yoong, J., Rabinovich, L., & Wah, S. H. (2015). What Do People Know About Social Security?. *CESR-Schaeffer working paper*, (2015-022).
- Rabinovich, L., Peterson, J., & Smith, B. A. (2017). Hispanics' understanding of Social Security and the implications for retirement security: A qualitative study. *Social Security Bulletin*, 77, 1.



## Panel 4: Economic Security of SSA Beneficiaries

Moderator: Olivia S. Mitchell, University of Pennsylvania

Presenters' names are in bold and marked by an asterisk.

*“Measuring Economic Security Using Linked Consumer Expenditure and Administrative Data” (NB23-05)*

**Bruce D. Meyer\*** and Aaron Hong (University of Chicago); James X. Sullivan (University of Notre Dame); Derek Wu (University of Virginia)

*“Medical Spending Risk among the Elderly by Race” (UM23-02)*

Karolos Arapakis (Boston College); **Eric French\*** (University of Cambridge); John Bailey Jones (Federal Reserve Bank of Richmond); Jeremy McCauley (University of Bristol)

*“Improving Financial Security for People with Disabilities through ABLE Accounts” (WI23-10)*

**Guglielmo Briscese\*** (University of Chicago); Michael Levere (Colgate); Harold Pollack (University of Chicago)

# **Measuring Economic Security Using Linked Consumer Expenditure and Administrative Data**

**Aaron Hong**

University of Chicago

**Connor Murphy**

University of Chicago

**Bruce D. Meyer**

University of Chicago

**James X. Sullivan**

University of Notre Dame

**Derek Wu**

University of Virginia

25<sup>th</sup> Annual Meeting of the Retirement and Disability  
Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely the those of the authors and do not represent the views of SSA, any agency of the federal government, or the NBER Retirement and Disability Research Center.

## Introduction

We examine the economic security of the elderly and how it is affected by Social Security Administration (SSA) programs, including Old Age Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI). This is the first research to examine the post-tax and in-kind transfer income of the elderly using a comprehensive blended survey and administrative income data. It is also the first to examine the role of many income sources in reducing consumption measures of poverty for this group. A difficulty with much of the past work on economic security is that it relies on survey income sources subject to substantial income underreporting. About half of private pension recipients do not report receipt in our major household surveys

(U.S. Census Bureau 2016; Bee and Mitchell 2017). About half of those receiving SNAP do not report it and a substantial share of SSI recipients do not report (Meyer, Mok and Sullivan 2015; Meyer and Mittag 2017). Since individuals consume out of after-tax income, it is also important to account for taxes which are imputed with substantial error in income data sources (Meyer et al. 2022). Missing income sources suggest that more and the wrong people are poor. Under-reporting of program receipt also understates the poverty reducing effects of transfer programs.

The SSA has demonstrated its interest in the economic security of the aged population, having published a regular report on the topic for several decades through 2014. Recently, because of concerns about survey responses, other approaches have been examined including work that linked administrative data to some of the major Census Bureau surveys. These studies, particularly those incorporating tax records, have found that incomes of the elderly are often much higher than reported in the survey data alone, while the impact of SSA programs is often different as well (Nicholas and Wiseman 2009, 2010; Bee and Mitchell 2017; Dushi and Trenkamp 2021).

A complementary approach to improving income measurement through linkage, and the one we that we include in the current study, is to examine consumption. Consumption measures have the advantage of reflecting past savings, the flow of services from owned houses and cars, and accounting for the pronounced under-reporting of pension and transfer income. These measurement issues are likely to be particularly important for older individuals. We also are the first researchers to use administrative data on earnings and program receipt to better assess the impact of these resources on consumption.

## Data

We focus on restricted use Consumer Expenditures (CE) data, the only comprehensive source of U.S. expenditure information. We focus on the years 2014-2016 due to data availability. As well as these survey data, we use a large collection of administrative data brought together for the Comprehensive Income Dataset (CID) project. These data include 2014 and 2019 OASDI files, 2014 and 2016 SSI files, SNAP data from 23 states, HUD PIC/TRACS data for public and subsidized housing, and tax data including IRS 1040, 1099-R, and W2 forms.

## Methods

This work builds on our earlier work comparing income, expenditures and consumption of households combined with our work blending restricted use administrative data with survey data. The first step is attaching linking codes to the CE data, as well as state IDs when possible. We then select the largest sample that allows the alignment of income and expenditures. The next steps then involve linking the tax and program data to the survey data using fairly complex methods to substitute administrative data for the survey data when possible, under the assumption that the administrative data are not overreported, while the survey data are often underreported.

To measure consumption we convert CE survey expenditure data to consumption data. To convert expenditures to consumption we exclude certain expenditures that are best thought of as investments such as pension contributions, convert ownership of houses and vehicles into flows, and the exclude current outlays on these same durable goods (Meyer and Sullivan 2012; ITWG 2021). The administrative

data are linked to the survey data using Protected Identification Keys (PIKs) as the linking variable.

To assess the poverty reduction of an income source such as SSA program benefits, we examine the distribution of income or consumption including and excluding that income source. These calculations implicitly assume that a reasonable counterfactual for income or consumption in the absence of a program is current income or consumption minus program benefits. This assumption will be most appropriate for those with low consumption and low assets.

## Main Findings

Our first set of findings examines the entire population, not just the elderly. We examine basic characteristics of survey income, blended administrative and survey income, expenditures and consumption for the entire population, in part because some of the aggregates to which we compare are only available for the entire population. We find that blended administrative and survey income when weighted to represent U.S. totals is much closer to national income account and transfer program aggregate totals than is survey income data alone. This improved measurement of income is particularly evident for pension income and SSI benefits, important income sources for older families. The blended data capture nearly twice as much pension income and three times the SSI income.

We find that expenditures exceed reported survey post-tax money income for the bottom ten percentiles, while expenditures only exceed blended income for the bottom three percentiles. Comparisons of expenditures to national account aggregates indicate

that expenditures are underreported so we expect blended post-tax income to exceed expenditures through most of the distribution, which it does.

We also find that mean and median expenditures are much flatter and even decline at the bottom as a function of reported income, but the flatness or decline is less apparent as a function of blended income. This pattern, which was more evident in older data, we believe is less pronounced today at least in part because the BLS has used expenditures to impute missing income in recent years.

Moving to the share of individuals over 65 below the poverty line, the patterns differ sharply by resource measure. The share of individuals with survey data based post-tax income including the value of SNAP benefits is about 13 percent, but it falls to about 7 percent after accounting for underreported income using administrative data, and to an even lower 5 percent after incorporating the value of housing benefits. Expenditure poverty is a similar 13 percent, while consumption poverty is about 10 percent incorporating the flow of services from owned homes and cars. This consumption measure overstates true consumption poverty for the elderly given the under-reporting of many types of expenditures that are part of consumption. These patterns of much lower poverty with blended income than survey income alone and lower poverty with consumption than expenditures are even more pronounced in the subsample of states where we can account for SNAP receipt using administrative data.

We then examine the role of transfer programs and earnings in keeping those 65 and older with a level of resources above the poverty line, measuring resources with our different income and consumption measures. We find that loss of earnings, Social Security or retirement pension income would roughly triple the poverty rate measured

with income or consumption, though there are important differences across the measures. The impact of the blended income sources tends to be greater than that of survey income alone and the impact tends to be higher for consumption based poverty than income poverty. These same patterns tend to hold for SSI, Veteran's disability benefits, and SNAP, but the percentage reductions in poverty are much lower.

## Conclusions

We construct for those 65 years old and older the first after-tax and in-kind transfer income and consumption measures of family resources relying on a comprehensive and accurate administrative data blended with survey data. We then use these measures to calculate the poverty rate and the poverty reduction due to key income sources. We find lower levels of poverty and greater reductions in poverty from most income sources using these improved measures. While additional measurement improvements can be implemented, we take the important step of showing a path to how such measures can be constructed and evaluated.



## References

- Bee, Adam, Joshua Mitchell, Nikolas Mittag, Jonathan Rothbaum, Carl Sanders, Lawrence Schmidt and Matthew Unrath. 2023. "National Experimental Well-Being Statistics Version 1." Census Bureau Working Paper.
- Bee, C. Adam and Joshua Mitchell. 2017. "Do Older Americans Have More Income Than We Think?" SEHSD Working Paper No. 2017-39. Washington, DC: Census Bureau, Social, Economic, and Housing Statistics Division.
- Brewer, Mike, Ben Etheridge and Cormac O'Dea. 2017. "Why are Households that Report the Lowest Incomes So Well-off?" *The Economic Journal*, 127 (605): October, F24-F49. <https://doi.org/10.1111/eoj.12334>
- Davies, Paul S. and T. Lynn Fisher. 2009. "Measurement Issues Associated with using Survey Data Matched with Administrative Data from the Social Security Administration." *Social Security Bulletin* 69, 1-12.
- Dushi, Irena and Brad Trenkamp. 2021. "Improving the Measurement of Retirement Income of the Aged Population." ORES Working Paper No. 116.
- Interagency Technical Working Group (ITWG) Evaluating Alternative Measures of Poverty, Final Report. 2021. <https://www.bls.gov/cex/itwg-report.pdf>
- Meyer, Bruce D., and Nikolas Mittag. 2019. "Using Linked Survey and Administrative Data to Better Measure Income: Implications for Poverty, Program Effectiveness and Holes in the Safety Net." *American Economic Journal: Applied Economics*.11: 2 (April), 176-204.
- Meyer, Bruce D., Wallace K. C. Mok, and James X. Sullivan. 2015. "Household Surveys in Crisis." *Journal of Economic Perspectives* 29 (4): 199–226.

- Meyer, Bruce, Nikolas Mittag and Robert Goerge. 2022. "Errors in Survey Reporting and Imputation and their Effects on Estimates of Food Stamp Program Participation" *Journal of Human Resources* 57:5 (September), 1605-1643.  
<http://jhr.uwpress.org/content/early/2020/08/06/jhr.58.1.0818-9704R2>
- Meyer, Bruce D. and James X. Sullivan. 2003. "Measuring the Well-Being of the Poor Using Income and Consumption" *Journal of Human Resources* 38 Supplement, 1180-1220.
- Meyer, Bruce D. and James X. Sullivan. 2012. "Winning the War: Poverty from the Great Society to the Great Recession". *Brookings Papers on Economic Activity*, Fall 2012, 133-200.
- Meyer, Bruce D. and James X. Sullivan. 2023. "Consumption and Income Inequality in the U.S. Since the 1960s," *Journal of Political Economy* 131:2 (February), 247-284.
- Meyer, Bruce D. and Derek Wu. 2018. "The Poverty Reduction of Social Security and Means-Tested Transfers" *Industrial and Labor Relations Review* 71: 5 (October), 1106- 1153.
- Meyer, Bruce D. and Derek Wu. 2023. "Poverty in the United States." University of Chicago Working Paper.

Meyer, Bruce D., Derek Wu, Grace Finley, Patrick Langetieg, Carla Medalia, Mark Payne and Alan Plumley. 2022. "The Accuracy of Tax Imputations: Estimating Tax Liabilities and Credits Using Linked Survey and Administrative Data," in *Measuring and Understanding the Distribution and Intra and Intergenerational Mobility of Income and Wealth*, University of Chicago Press, 2022, 459-498.  
<https://www.nber.org/system/files/chapters/c14441/c14441.pdf>

Nicholas, Joyce and Michael Wiseman. 2009. "Elderly Poverty and Supplemental Security Income." *Social Security Bulletin* 69, pp. 45-73.

Nicholas, Joyce and Michael Wiseman. 2010. "Elderly Poverty and Supplemental Security Income, 2002-2005." *Social Security Bulletin* 70, pp. 1-29.

U.S. Census Bureau. 2016. "Preliminary Research for Replacing or Supplementing the Income Question on the American Community Survey with Administrative Records," Memorandum Series #ACS16-RER-6.

Warshawsky, Mark J. 2022. "Social Security reform, part II: Private retirement accounts and pensions." Blog Post, American Enterprise Institute. March 25.

# Medical Spending Risk among Retirees by Race

**Karolos Arapakis**

Center for Retirement Research at Boston College

**Eric French**

University of Cambridge and Institute for Fiscal Studies

**John Bailey Jones**

Federal Reserve Bank of Richmond

**Jeremy McCauley**

University of Bristol

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely the those of the authors and do not represent the views of SSA, any agency of the federal government, the Michigan Retirement and Disability Research Center. The views expressed in this paper are those of the authors and not necessarily those of the Federal Reserve Bank of Richmond or the IFS.

## Introduction

Despite nearly universal enrolment in Medicare, medical spending is a major financial concern among older households. Because Medicare does not pay for long hospital and nursing home stays and requires co-payments for many other treatments, most older Americans still face the risk of catastrophic medical expenses.

Numerous researchers have documented the health costs that older Americans face in any given year, and how it varies by characteristics such as marital status and gender (e.g., McGarry and Schoeni, 2005; Goda et al., 2016). There is also an emerging literature focusing on racial disparities in health care spending (e.g., Dieleman et al., 2021).

In this paper, we decompose the differences in total and out-of-pocket medical spending between white, Black, and Hispanic households. Distinguishing between spending covered by public insurance programs such as Medicare and Medicaid and the out-of-pocket expenses borne by the households themselves, we measure medical spending risk and how much Medicare and Medicaid mitigate these risks. We then examine whether racial differences in medical spending are mediated through observable factors such as health, income, education, age and marital status.

We show that although black and Hispanic households spend less than their white counterparts, after conditioning on observable variables they spend slightly more. Black and Hispanic households also pay less of their expenses out-of-pocket, which is largely explained by observables, but a significant unexplained gap remains.

## Data

We use data from the Health and Retirement Study (HRS) linked to administrative Medicare and Medicaid records, along with the Medical Expenditure Panel Survey (MEPS). We use household-level observations for the years 1999-2012, the years for which we can observe every medical payor. We focus on households whose head was at least age 65 and assign each household the race of its head.

**Table 1: Annual Medical Spending by Race**

Total spending (in 2014 dollars)			Percentage paid by:			
Spending percentile	Average	Percentage of total	Out-of-pocket	Medicare	Medicaid	Other
<b>Panel A. White Households</b>						
All	23,000	100.0	27.8	59.8	4.1	8.3
95-100%	139,600	30.4	29.8	50.7	11.1	8.4
90-95%	74,400	16.2	19.8	60.0	14.7	5.5
70-90%	37,500	32.6	17.9	68.5	7.0	6.6
50-70%	14,600	12.7	25.3	62.5	2.5	9.7
0-50%	3,700	8.1	33.5	56.0	1.8	8.7
<b>Panel B. Black Households</b>						
All	21,900	100.0	22.1	60.8	11.3	5.8
95-100%	140,800	32.1	10.9	69.6	16.0	3.5
90-95%	73,100	16.7	10.1	68.1	19.7	2.0
70-90%	36,200	33.1	11.4	69.1	15.5	4.0
50-70%	12,800	11.7	18.1	64.7	11.3	5.9
0-50%	2,800	6.4	30.8	54.0	8.1	7.2
<b>Panel C. Hispanic Households</b>						
All	21,400	100.0	14.4	60.2	20.6	4.8
95-100%	142,700	33.0	6.4	71.2	20.7	1.7
90-95%	71,700	16.7	7.7	57.8	32.4	2.2
70-90%	34,900	32.6	7.7	55.0	34.1	3.2
50-70%	12,300	11.5	11.5	60.2	23.7	4.6
0-50%	2,600	6.2	20.2	61.6	11.9	6.3

Table 1 shows descriptive statistics of annual medical spending by race. While total medical spending and its distribution are similar between white (Panel A), black

(Panel B), and Hispanic (Panel C) headed households, there exist clear racial differences in the payors. Whereas white households rely more heavily on paying out-of-pocket and other payors (such as private insurance), black and Hispanic households rely more heavily on the public systems of Medicare and Medicaid.

In Table 1, we rank households by total spending (within their race) and group them into percentile bins. For white-headed households, there is a U-shaped pattern in the percentage of total spending paid out-of-pocket, with those at the bottom and very top of the distribution paying the highest percentage. This U-shaped distribution in out-of-pocket spending is also present for black- and Hispanic-headed households, although the percentages paid out-of-pocket are much smaller. Black and Hispanic households appear well insured against catastrophic medical spending. For example, among black-headed households with the highest 5% of total medical spending, roughly 86% is paid by either Medicaid or Medicare. The percentage is even higher, at 92%, for Hispanics. White-headed households appear to be less well-insured by public programs, with those in the top spending bin having around 62% covered. Hispanic households rely most on Medicaid, having about 20% of their costs covered, while white households rely the least, with Medicaid covering only 4%.

## Decomposing Spending

Table 1 shows that white-headed households spend on average \$1,100 more than black-headed households, and \$1,500 more than Hispanic-headed households. We next examine whether these differences are explained by age, marital status, multiple measures of health, education, income, and region using a Gelbach (2016) decomposition. Gelbach's approach identifies the contribution of each variable that is

uncorrelated with any other variables. In our case, Gelbach's decomposition allows us to measure how much of these racial differences can be attributed to observable factors that are correlated with race.

**Table 2: Gelbach Decomposition of Medical Spending Differences by Race**

	White vs. Black Households			White vs. Hispanic Households		
	Specification		Explained	Specification		Explained
	Base	Full		Base	Full	
<b>Race</b>	-1,092 ** (493)	360 (479)	-1,544 *** (314)	-1,545 ** (781)	929 (777)	-2,376 *** (526)
<b>Covariates</b>						
<b>Household structure and age</b>	No	Yes	-1,528 *** (138)	No	Yes	-1,482 *** (157)
<b>Health</b>	No	Yes	1,558 *** (285)	No	Yes	1,701 *** (443)
<b>Education</b>	No	Yes	-1,665 *** (159)	No	Yes	-3,325 *** (300)
<b>Income</b>	No	Yes	311 ** (158)	No	Yes	937 *** (261)
<b>Region</b>	No	Yes	-220 *** (82)	No	Yes	-207 * (121)
<b>Observations</b>	37,395	37,395	37,395	33,384	33,384	33,384
<b>R<sup>2</sup></b>	0.000	0.228		0.000	0.229	

Standard errors in parentheses. \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

Table 2 shows the Gelbach decomposition for total medical spending. There are two panels of three columns in the table, one for the black-white difference in spending and one for the Hispanic-white difference. The first column in each panel (Base) is the mean difference in total medical spending by race, which is found by regressing total medical spending on a dummy variable for black (or Hispanic), with no additional covariates. These coefficients correspond exactly to the average differences found in Table 1. The next column (Full) displays the regression coefficient on the same black



(or Hispanic) indicator variable as before, but now the regression includes the covariates listed in the table. The final column (Explained) in each panel displays how much of the difference is explained by the covariates.

Table 2 shows that the covariates can fully explain the \$1,090 difference in spending between white- and black households. In fact, conditional on these covariates, black households spend (a statistically insignificant) \$360 more. Household structure and age explain a large proportion of the difference: black households spend \$1,530 less than their white counterparts due to the fact they are more likely to be single (as 20% white households married versus only 7% black) and younger (81.1 is the average age for white households versus 78.3 for black). Health also plays a large role, but in the opposite direction: health differences imply an additional \$1,560 of spending for black households, as they tend to be in worse health, although the percentage in nursing homes is similar. For education, white households are more likely to be college graduates, which translates into higher spending. The impacts of region and income are statistically significant but are relatively small and explain little of the black-white spending gap.

The second panel in Table 2 focuses on the \$1,540 difference in spending between white and Hispanic households. Again, the covariates we consider more than explain the gap. The same differences that explain the black-white gap also explain the Hispanic-white gap, although education and income appear to matter more for Hispanic-white gap than the black-white gap.

**Table 3: Gelbach Decomposition of Out-of-Pocket Fraction Differences by Race**

	White vs. Black Households				White vs. Hispanic Households			
	Specification		Explained		Specification		Explained	
	Base	Full			Base	Full		
<b>Race</b>	-0.057 *** (0.004 )	-0.024 *** (0.004 )	-0.034 *** (0.002)		-0.134 *** (0.007 )	-0.063 *** (0.007 )	-0.071 *** (0.004)	
<b>Covariates</b>								
<b>Household structure and age</b>	No	Yes	0.016 *** (0.001)		No	Yes	0.014 *** (0.002)	
<b>Health</b>	No	Yes	-0.019 *** (0.002)		No	Yes	-0.028 *** (0.003)	
<b>Education</b>	No	Yes	-0.007 *** (0.001)		No	Yes	-0.018 *** (0.003)	
<b>Income</b>	No	Yes	-0.025 *** (0.001)		No	Yes	-0.040 *** (0.002)	
<b>Region</b>	No	Yes	0.001 * (0.001)		No	Yes	-0.001 (0.001)	
<b>Observations</b>	36,787	36,787	36,787		32,849	32,849	32,849	
<b>R<sup>2</sup></b>	0.005	0.126			0.012	0.132		

Standard errors in parentheses. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

In Table 3, we perform a similar exercise as in Table 2, but here we consider differences in the fraction of total medical spending that is paid out of pocket. Table 3 shows that the covariates we consider can explain around 60% of the black-white gap and 53% of the Hispanic-white gap. The most important sources for both are health and income.

## Conclusions

We document differences in total and out-of-pocket medical spending between white, black, and Hispanic households. While white households have higher total medical spending on average, these racial gaps in total spending are fully explained by

observable covariates such as household structure, health status, and education. White households pay a higher share of their medical expenses out-of-pocket. This is partially, but not fully, explained by their higher income and better health. Because income and health are key predictors of the share of medical expenses paid by Medicaid, this shows that Medicaid provides important insurance against catastrophic medical spending, especially for black and Hispanic households.

## References

Arapakis, Karolos, Eric French, John Bailey Jones, and Jeremy McCauley. 2021. "On the Distribution and Dynamics of Medical Expenditure Among the Elderly." Ann Arbor, MI. *University of Michigan Retirement and Disability Research Center (MRDRC) Working Paper*, MRDRC WP 2021-436.

<https://mrdrc.isr.umich.edu/publications/papers/pdf/wp436.pdf>

Dieleman, Joseph L and Chen, Carina and Crosby, Sawyer W and Liu, Angela and McCracken, Darrah and Pollock, Ian A and Sahu, Maitreyi and Tsakalos, Golsum and Dwyer-Lindgren, Laura and Haakenstad, Annie and others. 2021. "US health care spending by race and ethnicity, 2002-2016." *JAMA*, 326(7), pp.649-659.

Gelbach, Jonah B. 2016. "When do covariates matter? And which ones, and how much?." *Journal of Labor Economics* 34.2 pp.509-543.

Goda, Gopi Shah, John B. Shoven, and Sita Nataraj Slavov. 2013. "Does widowhood explain gender differences in out-of-pocket medical spending among the elderly?." *Journal of Health Economics* 32.3 pp.647-658.

McGarry, Kathleen, and Robert F. Schoeni. 2005. "Widow (er) poverty and out-of-pocket medical expenditures near the end of life." *The Journals of Gerontology Series B: Psychological Sciences and Social Sciences* 60.3 pp.S160-S168.

# **Improving Financial Security for People with Disabilities through ABLE Accounts**

**Guglielmo Briscese**

University of Chicago

**Michael Levere**

Colgate University

**Harold Pollack**

University of Chicago

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely those of the authors and do not represent the views of SSA, any agency of the federal government, or the University of Wisconsin-Madison's Center for Financial Security.

## Introduction

People with disabilities face substantial challenges in deploying financial assets to promote their independence, personal development, and financial security. As many as 30% of households that include someone living with a disability experience food insecurity, compared to only 8% of households that did not include members with a disability (Coleman-Jensen 2020). Supplemental Security Income (SSI) recipients also face the challenge of having a \$2,000 resource limit on countable financial assets (\$3,000 for couples) – limits that have not been raised since 1989.

“Achieving a Better Life Experience” (ABLE) accounts seek to address these challenges by allowing eligible individuals with disabilities to accumulate assets and use them for diverse approved purposes without threatening benefit eligibility. To be eligible for an account, one must have an age of disability onset before 26 (before age 46 starting in 2026). Up to \$100,000 of ABLE account assets are excluded from the SSI resource limit; SSI cash benefits are suspended when accounts exceed \$100,000, but Medicaid benefits continue unaffected. This structure enables people with disabilities to accumulate savings and make investments to improve their financial security, personal development, autonomy, and wellbeing. Despite its benefits, ABLE take-up is low; fewer than 1% of SSI recipients had opened accounts as of 2020 (SSA OIG 2021).

In this paper, we seek to understand the barriers that hinder enrollment by focusing on the ABLE plan in Illinois, which is administered by the Illinois State Treasurer’s Office (ILSTO). We use three primary approaches: (1) a pilot to help eligible Illinoisans open new accounts through a financial incentive of \$100 in “seeding” funds that are placed into their newly opened accounts; (2) analysis of administrative data

among 5,963 people who ever opened an IL ABLE account; (3) analysis of data from an ILSTO survey with 2,125 respondents. We present evidence that three key barriers—limited knowledge, administrative burdens, and limited resources—all play a role in preventing take-up and use of ABLE accounts.

## Data

Starting in late June 2023, we launched an effort to enroll and seed 400 new IL ABLE accounts, with each new account seeded with \$100. As part of this effort, we are collecting data through an intake survey that assesses people's perceptions and understanding of the program, their planned account usage and motivations for signing up, and more. As of July 17, we have enrolled and seeded 94 new accounts, with plans to enroll 400 new accounts by August 31. We will subsequently use administrative data to monitor account contributions and uses over the following six months, as well as collect information in a short follow-up survey.

We obtained administrative data on IL ABLE accounts. These data cover 5,963 people who ever opened an account between January 2017 and April 2023, and includes data on their contributions and withdrawals.

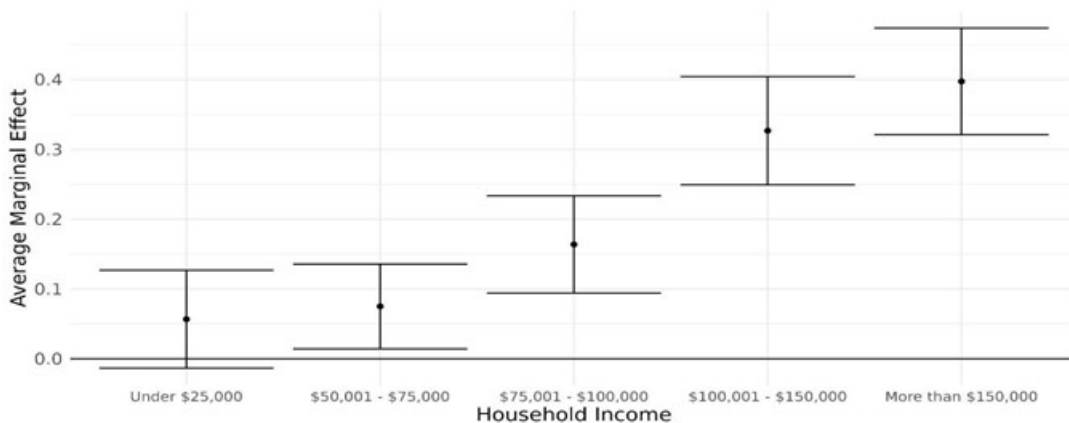
Additionally, we analyzed data on 2,515 people who participated in a survey administered by ILSTO in the summer of 2022. The survey was intended to better understand ABLE-eligible beneficiaries and their families' awareness of, and engagement with, the program.

## Results

ABLE account take-up reflects a steep income gradient. Figure 1 shows that ILSTO survey respondents with high incomes are much more likely to have an ABLE

account than those with lower incomes. Similar patterns emerge from the analysis of administrative data, with accounts and assets primarily concentrated in higher income areas, such as greater Naperville and Chicago's northern suburbs (Illinois' most prosperous areas).

Figure 1. Marginal effects of household income in ABLÉ ownership



Source: ILSTO ABLÉ survey.

Three main barriers hinder take-up and use of ABLÉ accounts, all of which could contribute to this income gradient: limited knowledge, administrative burden, and limited resources. Individuals and families who have never heard of ABLÉ, or who do not understand how an account may benefit them, cannot be expected to open such accounts. Administrative burden—broadly defined as hassles or challenges people face when interacting with a government program (Herd and Moynihan 2019), including the perceptions of doing so—may also hinder take-up. For example, account sign-up may prove difficult because of burdensome and forbidding paperwork, or because of difficulties in understanding program requirements and benefit rules. Finally, many people with limited financial resources perceive ABLÉ accounts as not useful to them,



and thus do not sign up. We briefly summarize the evidence spanning these barriers, using data across our three primary sources.

### ***Limited knowledge***

Relatively few people have heard of ABLE accounts. For those who signed up for seeded accounts, 35% learned about the program through the email inviting study participation. Among a highly engaged set of respondents to the ILSTO survey, only 45% had heard of ABLE. Respondents who reported specific involvement with disability organizations were more likely to be aware of ABLE (58% vs. 12% among others).

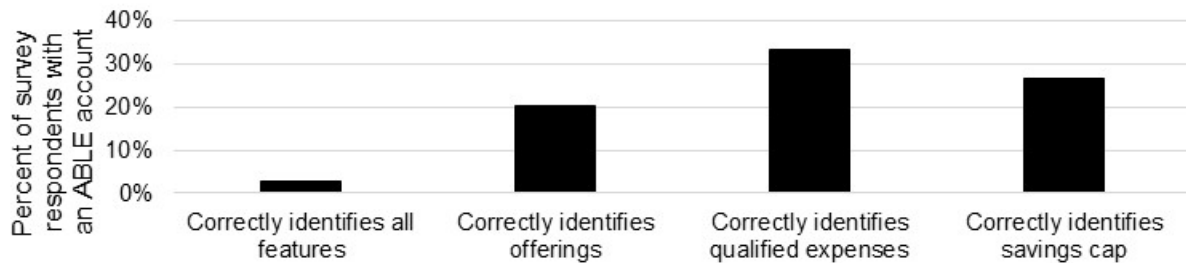
Even among those who knew of ABLE, misunderstanding of program rules and benefits is widespread (see Figure 2). In both the ILSTO survey and our intake survey, we asked people about program offerings (i.e., that ABLE helps people save beyond the SSI resource limit and that it helps people grow savings tax free); potential qualified expenses; and the amount that is exempt from the SSI resource limit. Only 3% of ILSTO survey respondents and 3% of new enrollees correctly answered all three. Common misconceptions included that ABLE provides financial assistance or subsidizes medical expenses. Only 27% of ILSTO survey respondents and 26% of intake survey respondents correctly identified that \$100,000 in an ABLE account is exempt from the SSI resource limit, arguably the program's central feature.

### ***Administrative burden***

Administrative burdens also prevent people from signing up for ABLE. Among new enrollees, over half who had heard of ABLE but had not previously opened an account stated that they either did not have time to do so or that it was difficult to

complete the enrollment process. Among ILSTO survey respondents, about 16% reported that difficulty in the enrollment process is a barrier, while 36% were not sure which investment plan to select. Challenges understanding the rules around ABLE (Figure 2) are another type of administrative burden; the need to understand complex rules represents another type of cost required to optimally use accounts to save.

Figure 2. Understanding of key program features



Source: ILSTO ABLE survey

### ***Limited resources***

Many people cited limited resources as preventing them from effectively using IL ABLE accounts. Among new enrollees, 87% agreed that “It is difficult to save for disability related expenses because I do not have enough money to do so.” In ILSTO survey data, low-income households were especially concerned about not having enough money to contribute, with 57% of those with income under \$25,000 expressing this concern versus only 19% of those with income above \$150,000. Yet more than 70% across all incomes expressed that ABLE accounts would be useful.

### **Conclusion**

ABLE accounts offer important tools to promote personal development and independence, especially for SSI recipients facing stringent resource limits. This paper

provides novel insights on the factors limiting ABLE account take-up and use. We present evidence that limited knowledge, administrative burdens, and limited resources are all barriers to ABLE take-up. As our project continues, we hope to generate rigorous evidence about how overcoming barriers to help people open accounts can promote financial independence and well-being.

## References

Coleman-Jensen, Alisha. 2020. "US food insecurity and population trends with a focus on adults with disabilities." *Physiology & Behavior*, 220, 112865.

<https://doi.org/10.1016/j.physbeh.2020.112865>.

Herd, Pamela, and Donald P. Moynihan. *Administrative burden: Policymaking by other means*. Russell Sage Foundation, 2019.

Social Security Administration Office of Inspector General. 2021 "Achieving a Better Life Experience Accounts." Report number A-02-18-50357. <https://oig-files.ssa.gov/audits/full/A-02-18-50357.pdf>

## Panel 5: Improving Service Delivery

Moderator: Robert Weathers, Social Security Administration

Presenters' names are in bold and marked by an asterisk.

*“Effects of Suspending In-person Services at SSA Field Offices on Disability Applications and Allowances” (BC23-05)*

**Monica Farid,\*** Michael Anderson, and Gina Freeman (Mathematica); Chris Earles (Social Security Administration)

*“Using Online Tools to Improve SSA Service Delivery” (BC23-03)*

**Jean-Pierre Aubry\*** (Boston College)

*“Understanding the Characteristics and Needs of Tribal Community Members for Social Security Delivery” (BC23-04)*

Barbara Butrica (Urban Institute); Stipica Mudrazija (University of Washington);

**Jonathan Schwabish\*** (Urban Institute)

# **Effects of suspending in-person services at SSA field offices on disability applications and allowances**

**Monica Farid, Michael Anderson, Gina Freeman**

Mathematica

**Chris Earles**

Social Security Administration

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely the those of the authors and do not represent the views of SSA, any agency of the federal government, or the Center for Retirement Research at Boston College.

## Introduction and background

Disability programs in the U.S provide needed supports to millions of people with disabilities each year. Applicants to disability programs can make their claim at SSA field offices, by mail, over the phone, or via the internet. Before the start of the pandemic, about half of applications were submitted online. During the pandemic, SSA field offices were closed for in-person services starting in March 2020 through April 2022, removing one mode of applying for DI and SSI benefits and potentially posing a barrier to completing the application process for some potential applicants.

In this study, we examine the impact of in-person service suspension on applications while controlling for other pandemic-related factors that may have affected application rates. We also study how the effects of field office service suspensions vary with applicant characteristics and whether groups facing barriers are disproportionately affected by the suspension of in-person services.

Our work relates to research examining how changing access to specific modes of application affects application and allowance rates (e.g., Deshpande and Li 2019, Foote et al. 2018). We build on previous work in several ways. First, we document how applicant characteristics vary by mode of application and whether mode of application is associated with likelihood of allowance. Factors such as having staff guidance through the application process and limitations on staff time could lead to differences in the quality of in-person applications in relation to other modes of application for applicants that are similar. Second, we investigate the causal impacts of a wide-scale suspension of in-person services in a more recent time-period.

## Data and methods

We use application data from the Structured Data Repository (SDR) from 2019 through 2021. The SDR is a relational database used to collect disability data during the processing and development of disability claims and it includes information on application mode and applicants' education, age, disabling condition, and determination outcomes. We use county-level demographic information from the 2015-2019 5-year American Community Survey (ACS). Information on COVID-19 cases and deaths come from the New York Times COVID-19 repository.

We compare applicant characteristics by mode of application, and we examine how initial allowance rates vary by application mode, controlling for applicant and local area characteristics. These descriptive analyses provide suggestive evidence on the characteristics of applicants screened out by field office closures during the pandemic and how the mode of application itself could affect likelihood of initial allowance.

To investigate the causal impact of field office closures, we use a difference-in-differences approach. Specifically, we compare the county-level volume, mode of application, demographic composition (average age, education level, and disabling condition), and allowance rates each quarter in areas with high field office coverage to those with low field office coverage pre- and post-March 2020. We assume that counties with high field office coverage are more affected by the closure of in-person services at SSA field offices. We use propensity score matching to identify a comparison group from the pool of counties that are far from a field office. This empirical approach enables us to isolate the effects of the suspension of in-person services.



## Results

The characteristics of SSI and SSDI applicants varied by the modes of application we examined (in-person, phone, or online). In-person applicants were least likely to speak English and were most likely to not have finished high school. Relative to other applicants they also lived in counties with lower shares of White residents. Compared to other modes, applying in-person may provide the greatest opportunity for receiving assistance making it a more attractive option to groups of applicants whose disability or background make it more challenging to apply using other modes. Online applicants were most likely to speak English, have a physical (rather than mental) disability, were most educated, and lived in counties with relatively higher median income. Applying online requires familiarity with navigating online forms which may be correlated with relatively higher levels of education. Phone applicants were most likely to live in rural counties with relatively lower median income and a higher White share of the population. They were also least likely to live in a county with a field office. Findings were similar across both SSI and SSDI applicants. The differences in applicant characteristics highlight that each mode serves a distinct subgroup of people with disabilities and that the suspension of in-person services could potentially have access implications for some types of applicants.

Next we investigated whether the way in which the individual applied to SSI or SSDI (in-person, by phone, etc.) affected their likelihood of receiving an initial allowance after controlling for applicant and local area characteristics. We found that online applications were three and four percentage points less likely to result in an initial allowance relative to phone and in-person applications, respectively. This could indicate

that some modes of application might facilitate application quality better than others. For example, online applicants may not provide complete answers to questions or may not understand a question correctly. Without in-person or phone assistance, this could hurt an online applicant's chances of an initial allowance. An important caveat is that these results are descriptive and not causal; there may be differences between the applicant groups that we have not controlled for and that may be driving the differences in allowance rates. Our control variables, a range of applicant characteristics, are also correlated with allowance rates in ways one might expect. We find that older applicants, those who speak English, those with a mental (rather than a physical) disability, and those with low levels of education are more likely to receive an initial allowance.

In the second component of our analyses, we investigated the causal effect of in-person suspensions on: total applications, likelihood of allowance and on applicant characteristics such as age, education levels, and disability type. We matched counties with a field office to those without a field office and using differences-in-differences, we examined the outcomes of the two sets of counties before and after the suspension of in-person services in March 2020. Prior to matching, counties with a field office differed from those without a field office in important ways: they were more populated and more urban. They also had populations that were younger, less white, more educated and had a higher median household income. Finally, they experienced fewer COVID cases and deaths in 2020 and 2021. Post matching the differences in the demographic compositions, urbanicity and baseline economic conditions between the two sets of counties were not statistically significant or were significant but not meaningfully large. Matching also reduced the median bias from 11.8 to 5.9.

Our differences-in-differences analyses are underway; however, descriptive analysis indicates that after the suspension of in-person services at field offices, the share of applicants with less than a high school education decreased slightly and the share of applicants living in counties with a high White share of the population increased slightly. Findings were similar for both SSI and SSDI applicants. This suggests that the suspension of in-person services may have affected groups with barriers, such as those with low levels of education, more than others.

## Conclusion

Our results have several policy implications. First, we find that different kinds of applicants use different modes of applications. This could have access and equity implications for policies that aim to expand or reduce the use and take-up of certain application modes. Indeed, we find that the suspension of in-person services may have affected applicants with low levels of education more than other applicants. Policies that aim to raise awareness and use of online services could significantly reduce application barriers to many eligible individuals, however, they may help some types of eligible individuals more than others. Second, our results indicate that the mode of application could be related to application quality. Further work is needed to better understand how mode affects the completeness and quality of SSI or SSDI applications and whether some modes are best suited to some types of applicants more than others. This could ultimately inform potential application supports (such as access to an online chat) for modes of application that tend to be associated with relatively lower application quality.

## References

- Deshpande, Manasi, and Yue Li. 2019. "Who is Screened Out? Application Costs and the Targeting of Disability Programs." *American Economic Journal: Economic Policy*, 11(4), 213-48.
- Foot, Andrew, Michel Grosz, and Stephanie Rennane. 2019. "The Effect of Lower Transaction Costs on Social Security Disability Insurance Application Rates and Participation." *Journal of Policy Analysis and Management*, 38(1), 99-123.

# Using Online Tools to Improve SSA Service Delivery

**Jean-Pierre Aubry**

Center for Retirement Research at Boston College

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely those of the authors and do not represent the views of SSA, any agency of the federal government, or the Center for Retirement Research at Boston College.

## Introduction

Retiring baby boomers are increasing the demand for Social Security Administration (SSA) services at a time when budget constraints and retiring staff are limiting the agency's capacity to deliver them. Using online services – rather than contacting a field office – offers a way to meet increased demand with fewer resources. However, prior CRR survey research suggests that almost two-thirds of retirees contact SSA in person or by phone during their claiming process and non-White individuals are more likely to do so. This research summary documents results from using these same survey data to explore whether racial differences exist in how and why individuals contact SSA, and investigates individuals' satisfaction with their claiming experience.

The discussion proceeds as follows. The first section briefly describes the CRR's 2021 survey on individuals' claiming process. The second section examines whether the survey data show any racial differences in when people reach out to SSA representatives. The third section explores any racial differences in the reasons for contacting the agency. The fourth section looks at the racial impact of policies designed to reduce the need to interact with SSA. The fifth section looks at claiming satisfaction by race and claiming process and finds that most individuals are quite satisfied with their claiming experience. The final section concludes that the racial differences in the timing and reasons for reaching out to SSA are small compared to differences in the share that choose to contact SSA at all. That said, policies that reduce the need to contact SSA to correct data errors or obtain basic information could reduce racial differences in contact rates.

## Survey Data

In May 2021, the CRR surveyed roughly 2,600 older individuals about their recent or intended process for claiming Social Security retirement benefits.<sup>12</sup> The survey included questions on the overall claiming process of respondents, including their interactions with SSA before, during, and shortly after claiming. As a result, it provides a comprehensive picture of the claiming experience of respondents: the claiming path taken, the obstacles encountered, the self-reported reasons for their chosen path, overall satisfaction with the process, and suggestions for improvement.<sup>13</sup>

## Patterns of SSA Contact During the Claiming Process

The CRR's initial analysis of the survey responses found that almost two-thirds of respondents contacted (or intended to contact) SSA and that those who contacted SSA were more likely to be non-White, but it is not clear whether the patterns of contact differ by race/ethnicity. A closer look reveals that – among those who contact SSA – the likelihood of interacting with SSA during each phase of the claiming process is quite

---

<sup>12</sup> Specifically, the CRR survey was administered to older individuals in NORC's AmeriSpeaks Survey Panel from May to June of 2021. The survey targeted individuals ages 62-70 who claimed retirement benefits in the last five years and those ages 57-70 who intended to apply within the next five years. In total, the survey contained about 1,600 recent retirees and 1,000 near retirees. Importantly, the survey sample adequately reflects the national demographics for older individuals (based on a comparison to the 2020 *Current Population Survey*). For more details, see Aubry and Wandrei (2021).

<sup>13</sup> For example, the survey captures whether a respondent communicated with SSA online, on the phone, or in-person before, during, and/or after claiming their benefit, and the specific reasons why. Also, if a respondent claimed online, the survey asks whether they did so at home, at a field office using an SSA desktop or kiosk, or at a public location (e.g., a library). And, for those who did not claim online, the survey prompts respondents for specific reasons – such as an error involving their name, age, and/or work history in the SSA system or simply a lack of awareness of the online option – as well as allowing for open-ended responses.

similar across race.<sup>14</sup> While Black individuals are a bit more likely to contact SSA during each phase than Whites, none of the differences are statistically significant. Similarly, although the pattern for Hispanic individuals is also a bit different from Whites, none of the differences are statistically significant.

Additionally, among those who interact with SSA during claiming, the frequency of contact is also about the same across race – with each contacting SSA during about two of the three phases. However, the small difference between Black and White contacts is statistically significant, as it seems that the slightly higher propensity for Black individuals to contact SSA at each phase accumulates over the whole claiming process.

In short, this analysis finds no substantial differences by race in the patterns of SSA contact or in the frequency of contact over the entire claiming process.

## Reasons for Contacting SSA

The next issue is whether the reasons for interaction before and during the application process differ by race. The survey shows that Hispanic respondents contact SSA more for data errors and to learn their potential benefit amount/eligibility, while Black individuals contact SSA more about their benefit amount/eligibility and less about the application process.

---

<sup>14</sup> Multiple studies in the last 10 years have highlighted racial differences in sources of information about Social Security and knowledge of Social Security rules that would contribute to differences in when and why individuals contact SSA during their claiming process. See Karman, Atshan, and Williams (2023); Knapp and Perez-Arce (2022); Peterson, Smith, and Guan (2019); Rabinovich, Peterson, and Smith (2017); and Yoong, Rabinovich and Wah (2015).



Shifting from pre-application to the actual application, the results show that Black individuals are more likely than Whites to cite discomfort with using the internet as a reason for getting in touch with SSA. In contrast, little variation exists for other reasons, such as problems with the SSA website or a preference for in-person contact.

## Racial Impact of Policies that Reduce Need to Contact SSA

Reasons that individuals contact SSA can be divided into four broad categories: 1) distrust of online tools and a preference for in-person interactions; 2) obstacles to using SSA's online services, such as data errors or a general lack of awareness of the tools; 3) basic inquiries about benefits, such as eligibility/amount, most of which could probably be handled online; and 4) more complex inquiries regarding issues like spousal benefits or the tax implications of receiving Social Security income.

CRR's prior research found that SSA policy changes to address obstacles and basic inquiries could reduce the share of those who contact SSA from about 60 percent to 40 percent. Focusing on the impact by race shows that the decrease for Hispanic applicants is relatively large, bringing the share of Hispanic respondents who contact SSA in line with Whites. This pattern reflects the fact that Hispanic individuals are statistically more likely than Whites to contact SSA for data errors and to learn about their potential benefits/eligibility – reasons that fall under obstacles (Category 2) and basic inquiries (Category 3). Similarly, among those that still contact the agency, the policy changes could reduce the number of times they contact SSA – which again could narrow existing racial differences.

## Claiming Satisfaction

In the survey, recent retirees were asked to rate their overall satisfaction with their claiming process on a scale of 1 to 10, with 10 being the maximum level of satisfaction. The average satisfaction score was 8.4, with roughly 90 percent of respondents reporting a score of 7 or more.<sup>15</sup> This finding aligns with the self-reported satisfaction scores from SSA's own voluntary satisfaction survey as well as satisfaction scores reported in the Social Security modules of the *Understanding America Study* (UAS).

Those who claimed completely online reported a higher satisfaction than those who did not – with those who contacted SSA in all three phases reporting the lowest satisfaction. A closer look at satisfaction by claiming process and race reveals some subtle, but interesting differences. First, both White and Hispanic individuals who claim completely online report slightly higher satisfaction scores than those who contact SSA when claiming. In contrast, Black individuals who claim completely online report lower satisfaction scores than those who contacted SSA. Second, Hispanic respondents reported higher satisfaction scores than either Black or White respondents, whether they claimed completely online or not.

---

<sup>15</sup> While 90 percent of recent retirees reported a satisfaction score of 7 or above, 10 percent did not. Three types of SSA contact were associated with reporting a satisfaction score below 7: 1) applying in-person and being unaware of the online option; 2) applying in-person after having trouble with the SSA website; and 3) contacting SSA after submitting their application to check on the benefit start date.

## Conclusion

A 2021 CRR survey suggests that almost two-thirds of retirees contact SSA in person or by phone at some point in their claiming process; and non-White individuals are more likely to do so. This same survey data also show that racial differences in the timing and reasons for contacting SSA are minor compared to the differences in whether individuals choose to contact SSA at all. That said, policies that reduce the need for individuals to contact SSA to correct data errors or obtain basic information could reduce the overall share of retirees that contact SSA and could help equalize racial differences.

## References

- Aubry, Jean-Pierre and Kevin Wandrei. 2021. "How to Increase Usage of SSA's Online Tools." Working Paper 2021-15. Chestnut Hill, MA: Center for Retirement Research at Boston College. [https://crr.bc.edu/wp-content/uploads/2021/11/wp\\_2021-15.pdf](https://crr.bc.edu/wp-content/uploads/2021/11/wp_2021-15.pdf)
- Peterson, Janice, and Barbara A. Smith and Qi Guan. "Hispanics' Knowledge of Social Security: New Evidence." Social Security Bulletin, Vol. 79. No. 4. 2019. <https://www.ssa.gov/policy/docs/ssb/v79n4/v79n4p11.html>
- Rabinovich, Lila, and Janice Peterson and Barbara A. Smith. "Hispanics' Understanding of Social Security and the Implications for Retirement Security: A Qualitative Study." Social Security Bulletin, Vol. 77, No. 3. 2017. <https://www.ssa.gov/policy/docs/ssb/v77n3/v77n3p1.html>
- Yoong, Joanne, Lila Rabinovich and Saw Htay Wah. 2015. "What Do People Know About Social Security?" WP: 2015-022. CESR and Schaeffer Center. University of California. [https://cesr.usc.edu/documents/WP\\_2015\\_022.pdf](https://cesr.usc.edu/documents/WP_2015_022.pdf)
- Knapp, David, and Francisco Perez-Arce. 2022. "Racial and Ethnic Disparities in Knowledge about Social Security Programs." Ann Arbor, MI. University of Michigan Retirement and Disability Research Center (MRDRC) Working Paper; MRDRC WP 2022-449. <https://mrdrc.isr.umich.edu/publications/papers/pdf/wp449.pdf>

Carman, Katherine, Samer Atshan, and Jhacova Williams. 2023. "Disparities in Social Security Knowledge and the Role of Social Capital." Ann Arbor, MI. University of Michigan Retirement and Disability Research Center (MRDRC) Working Paper; MRDRC WP 2023-458.

<https://mrdrc.isr.umich.edu/publications/papers/pdf/wp458.pdf>

# **Understanding the Characteristics and Needs of Tribal Community Members for Social Security Delivery**

Not included at the request of the authors. Please contact Barbara Butrica (Urban Institute), Stipica Mudrazija (University of Washington), or Jonathan Schwabish (Urban Institute) for more information.

## Panel 6: Informing Trust Fund Projections

Moderator: John Sabelhaus, The Brookings Institution

Presenters' names are in bold and marked by an asterisk.

*“The Effect of US COVID-19 Excess Mortality on Social Security Outlays” (NB23-02)*

Bryan Tysinger, **Hanke Heun-Johnson,\*** and Darius Lakdawalla (University of Southern California); Julian Reif (University of Illinois, Urbana-Champaign)

*“How Eliminating Structural Disadvantages for Black Workers Could Affect Retirement Security and Trust Fund Balances” (BC22-06)*

**Karen E. Smith\*** and Richard W. Johnson (Urban Institute)

*“Understanding the Closing of Racial Mortality Gaps” (NB23-10)*

Raj Chetty (Harvard); John Friedman (Brown); Nathan Hendren (Harvard);

**Michael Stepner\*** (University of Toronto)

# **The Effect of US COVID-19 Excess Mortality on Social Security Outlays**

Paper not received in time to be included.



# **How Eliminating Structural Disadvantages for Black Workers Could Affect Retirement Security and Trust Fund Balances**

**Richard Johnson**

Urban Institute

**Karen E. Smith**

Urban Institute

25<sup>th</sup> Annual Meeting of the Retirement and Disability

Research Consortium

August 3 & 4, 2023

Virtual event

This research was supported by a grant from the U.S. Social Security Administration (SSA) as part of the Retirement and Disability Research Consortium (RDRC). The findings and conclusions are solely the those of the authors and do not represent the views of SSA, any agency of the federal government, or the Center for Retirement Research at Boston College.

## Introduction

How much people receive from Social Security depends on how much they work, earn, and contribute to the program over their lifetime, whether they qualify for benefits from a surviving or deceased spouse, and how long they live. The systemic disadvantages that Black people face in education, employment, earnings, health, longevity, and marriage often limit their Social Security benefits.

Using dynamic microsimulation techniques, we compare annual and lifetime Social Security benefits for Black and white retirees and show how eliminating many of the systemic disadvantages that Black workers face could narrow the racial gap in benefits and improve Social Security's long-term finances.

## ***Background***

Many features of the Social Security benefit formula reduce Social Security benefits for Black retirees whose employment, earnings, and marriage opportunities have been limited by structural racism. Educational barriers and racist policies by employers reduce wages for Black workers, while inequities in the delivery of health care, physically demanding work, unhealthy and dangerous living conditions, and the stress of racism all contribute to the relatively high prevalence of health problems among Black workers that limits work years.

Black adults are also less likely than white adults to marry over their lifetime, limiting how much they gain from spouse and survivor benefits. Life expectancy is shorter for Black men and women than for their white counterparts, so Black beneficiaries typically collect Social Security for less time than others. The availability of

Social Security disability insurance (DI) benefits adds progressivity to the system. That progressivity, however, does not fully compensate for the employment and earnings disadvantages associated with disability.

### ***Data and Methods***

Using the Urban Institute's Dynamic Simulation of Income Model 4 (DYNASIM4), we compare annual and lifetime Social Security benefits and contributions simulated under a baseline and alternative scenarios. Under each scenario, DYNASIM4 uses multiple equations to simulate various intermediate outcomes, including educational attainment, wages, the incidence of disability and health problems, work and marital histories, and mortality, which are inputs to the model's Social Security benefit and tax calculators. The baseline scenario replicates existing racial differences in these intermediate outcomes by including race indicators in certain projection equations and using separate equations for Black and non-Black workers to project other outcomes. The alternative scenarios show how these intermediate outcomes would likely evolve if structural racism did not exist and Black workers did not face systemic disadvantages. These alternative scenarios eliminate the systemic disadvantage that Black people face in these intermediate outcomes by dropping any Black race indicators from the selected projection equations and using the equations for non-Black workers to project intermediate outcomes for all workers.

### **Results**

Our DYNASIM projections confirm the many disadvantages that Black men and women face. Among people born between 1996 and 2005, we project that Black men

and women are less likely than white men and women to have completed four or more years of college. Black men and women are less likely than their white counterparts to have been married for at least 10 years and spend fewer years married, on average. Black men have significantly shorter life expectancies than white men. Black men also typically work less and earn less than white men under the baseline scenario. Median annual earnings at ages 45 to 49 for men with earnings are projected to be 69 percent higher for white men than Black men (\$91,300 versus \$53,900) and Black men's median annual lifetime earnings, measured over their 35 top-earning years, are projected to fall short of half of the median for white men (\$37,700 versus \$83,500). Black women are projected to work more and earn more than Black men, but median annual lifetime earnings are 13 percent higher for white women than Black women (\$59,000 versus \$52,200). Projected disparities between Black and white adults generally shrink, especially for men, when we redo our simulations under the alternative scenario to eliminate simultaneously systemic disadvantages that Black people face in education, marriage, employment, earnings, health, and mortality.

### ***Social Security Benefits***

For people born between 1996 and 2005, our baseline simulation projects that median annual Social Security benefits at age 70 are 23 percent lower for Black beneficiaries than white beneficiaries and median lifetime Social Security benefits are 25 percent lower (table 1). Despite the higher replacement rates that the Social Security program provides to retirees with relatively low lifetime earnings, Black beneficiaries generally receive lower lifetime benefits net of tax contributions than white beneficiaries. These disparities shrink significantly, but do not disappear, when our simulations

eliminate the systemic disadvantages faced by Black workers in education, marriage, employment, hourly earnings, health, and mortality.

**Table 1: Median Annual and Lifetime Social Security Benefits for Black and White Social Security Beneficiaries Under the Baseline and the Alternative Scenario by Sex and Education**

	Median Social Security Benefit at Age 70			Median Lifetime Social Security Benefit		
	White baseline	Black baseline	Black simulated	White baseline	Black baseline	Black simulated
<b>Women</b>	32,200	29,200	29,500	550,100	483,600	508,200
<b>Men</b>	39,400	24,900	38,500	541,500	334,300	491,200
<b>No high school diploma</b>	20,100	15,400	19,400	315,000	223,000	307,000
<b>High school graduate</b>	28,200	21,100	25,400	444,000	325,000	401,000
<b>Some college</b>	32,600	26,700	31,200	510,000	421,000	503,000
<b>College graduate</b>	44,600	40,900	47,000	650,000	550,000	661,000

**Source:** DYNASIM4 runid 1000.

**Notes:** The baseline scenario shows unadjusted estimates from DYNASIM4. The alternative scenario shows projected outcomes for Black men and women after we adjust the DYNASIM4 projection equations to eliminate the systemic disadvantages that Black people face in education, health status, disability status, mortality, marriage, labor force participation, and hourly earnings. Estimates are restricted to adults born between 1996 and 2005. Amounts are reported in inflation-adjusted 2021 dollars.

Eliminating systemic disadvantages in hourly wages throughout a worker’s career has the largest impact on annual and lifetime benefits. Eliminating systemic disadvantages in marriage rates over a lifetime has the largest impact on lifetime benefits minus tax contributions (table 2). The revenue impact of higher wages and labor force participation is larger than the spending impact of higher future benefits. Eliminating systematic racial disadvantages improves Social Security’s long-term

finances. Eliminating all modeled racial disparities beginning in 2006 would extend Social Security solvency by 3 years and reduce the 75-year unfunded liability by 0.27 percent of taxable payroll (\$1.72 trillion in present value over 75 years through 2096).

**Table 2: Simulated Impact on Black Beneficiaries' Social Security Benefits at Age 70, Lifetime Benefits Minus Lifetime Taxes, and Trust Fund Unfunded Liabilities, by Factor**

	All factors	Marriage	Education	Labor force participation	Wage	Health and mortality
<b>Percent change in median Social Security benefits at age 70</b>	22.8%	1.3%	0.3%	-0.7%	11.8%	0.7%
<b>Percent change in lifetime Social Security benefits minus lifetime Social Security taxes</b>	12.1%	7.9%	-2.2%	0.9%	5.4%	4.3%
<b>Change in unfunded open group liability as a percentage of taxable payroll</b>	0.27%	0.01%	-0.04%	-0.03%	0.10%	0.00%

**Source:** DYNASIM4 runid 1000. See table 1 notes.

## Conclusions

Structural racism significantly reduces Social Security benefits for Black adults. The racial gap in annual and lifetime Social Security benefits shrinks significantly when we project benefits under an alternative scenario that eliminates the systemic disadvantages that Black adults face in education, employment, hourly earnings, marital status, health and disability, and mortality. Reducing structural racism would also improve Social Security finances.

# **Understanding the Closing of Racial Mortality Gaps**

Not included at the request of the authors. Please contact Raj Chetty (Harvard University), John N. Friedman (Brown University), Nathan Hendren (Harvard University), or Michael Stepner (University of Toronto) for more information.



CENTER *for*  
RETIREMENT  
RESEARCH  
at BOSTON COLLEGE

### *Mission*

The Center produces first-class research and forges a strong link between the academic community and decision-makers in the public and private sectors around an issue of critical importance to the nation's future. Since its inception in 1998, the Center has established a reputation as an authoritative source on all major aspects of the retirement income debate.

### *Research*

The Center's research covers any issue affecting individuals' income in retirement. Our main areas of research are Social Security, employer-sponsored retirement plans, financing retirement, healthcare costs, and working longer. The Center's work goes beyond economics. We seek to understand the human behavior behind individuals' decisions so that we can craft solutions that work in practice, not just in theory.

### *Grant Programs*

The Center sponsors the Sandell Grant and Dissertation Fellowship Programs in retirement and disability research. These programs, funded by the U.S. Social Security Administration, provide opportunities for junior or non-tenured scholars and Ph.D. candidates from all academic disciplines to pursue cutting-edge projects on retirement or disability policy issues.

### *Squared Away Blog*

The Center's popular personal finance blog translates complex academic research and financial information into an accessible form. The blog aims to help everyone – policymakers, financial service providers, and the public – better understand the factors that shape households' money management from college through mid-career and into retirement.

### *Find the Center online:*



<https://crr.bc.edu>



@RetirementRsrch



The Center for Financial Security Retirement and Disability Research Center (CFS RDRC) at the University of Wisconsin-Madison is an applied research program that develops evidence to assist policymakers, the public, and the media in understanding issues connected to Social Security, retirement, and disability policy, especially related to economically vulnerable populations. The CFS RDRC incorporates a diversity of viewpoints and disciplines; generates research findings for use in policy and practice; and is committed to the training and development of emerging scholars. The CFS RDRC vision is to build new evidence that includes unique study populations, is produced by well-trained and diverse researchers, and is shared using high-impact dissemination strategies.

[Our Research](#) agenda is designed around four central themes:

- Interactions between public assistance and social insurance over the life course
- The role of health, health insurance, and financial decision for household financial security
- How economically vulnerable households use work, pensions, and social insurance over the life course to maintain well-being
- The role of housing, savings, and debt for retirement security among low-net wealth households.

[Our Training](#) programs are focused on offering mentored training opportunities for emerging researchers from underrepresented backgrounds and from a range of disciplines, on issues relevant to SSA policy and practice. Our fellowship programs include several Extramural fellowships opportunities. The Junior Scholar Intensive Training (JSIT) is a unique training model in collaboration with Howard University's Center on Race and Wealth, which sponsors a select group of junior faculty and newly graduated PhD students for an intensive summer training, a small research competition, career coaching, and ongoing mentoring.

Social-insurance Undergraduate Research (SURF) is a competitive, four-week, in-person program housed at UIC that provides promising undergraduate students with an introduction to social insurance; the policies surrounding the social safety net; research investigating these, and their impact on economically vulnerable populations.

[Our Resources](#) strive to highlight innovative research; publicize opportunities for emerging researchers in the area of retirement and disability research; and disseminate findings for both policymakers and the public. Sign up to receive news about RDRC research, our quarterly newsletter, publication updates and notice of events here: <https://cfsrdrc.wisc.edu/contact-us>.

Follow us on Twitter: [@UWMadisonCFS](https://twitter.com/UWMadisonCFS).



# MICHIGAN RETIREMENT AND DISABILITY RESEARCH CENTER UNIVERSITY OF MICHIGAN

## About MRDRC

The MRDRC promotes high quality research on retirement, disability, and Social Security policy; communicates findings to the policy community and the public; enhances access to relevant research data; and helps to train new scholars. MRDRC serves the public and policy community as an authoritative source of information on a range of issues related to retirement income security.

This center is sponsored by a cooperative agreement between the [Social Security Administration](#) and the [University of Michigan](#). [Boston College](#), [NBER](#), and [University of Wisconsin](#) host similar centers.

Read more about our [research priorities](#), view [current projects](#), and download more [publications](#) on our website, [mrdrc.isr.umich.edu](http://mrdrc.isr.umich.edu). All publications may be printed directly from the website.

[Join the MRDRC mailing list](#) to receive research publication updates, newsletters, and notice of events and training opportunities.

### Contact us:

**Email:** [MRDRCUMICH@umich.edu](mailto:MRDRCUMICH@umich.edu)

**Phone:** 734-615-2180 or 734-615-4589

**LinkedIn:** [www.linkedin.com/in/mrdrcumich](http://www.linkedin.com/in/mrdrcumich)

**Blog:** [mrdrc.isr.umich.edu/blog/](http://mrdrc.isr.umich.edu/blog/)