



## CONSORTIUM FOR CITIZENS WITH DISABILITIES

### Just the Facts on Social Security's Disability Programs

Our nation's Social Security system provides peace of mind for all Americans. Not only does it provide the foundation for a secure retirement -- it also protects nearly all American workers and their families against the possibility of a life-changing disability or illness that prevents substantial work. This peace of mind is all the more important because most workers have little savings to fall back on in the event of a disability, and the alternatives are limited: only about 1 in 3 civilian workers has long term disability insurance through their employer,<sup>1</sup> and benefits may be less adequate than under Social Security. In comparison, about 90 percent of workers age 21 to 64 in covered employment can count on Social Security in the event of a qualifying disability.<sup>2</sup> Social Security's disability programs serve as a core component of the Social Security system, offering critical protection in our time of need.

- About 57 million Americans, or 1 in 5, live with disabilities. About 38 million, or 1 in 10, have a severe disability.<sup>3</sup> Only those with the most significant disabilities or illnesses—about 14 million non-elderly individuals—receive vital support from our nation's Social Security system.<sup>4</sup>
- **Social Security Disability Insurance, or SSDI**, is funded through payroll tax contributions. It provides benefits to workers who have contributed enough via payroll taxes to be insured and who become disabled before reaching full retirement age. SSDI currently provides benefits to about 8.9 million disabled workers and 2 million spouses and children.<sup>5</sup> SSDI beneficiaries include about 1 million military veterans, 4.4 million women, 700,000 widow(ers), 1.8 million African Americans, and 1 million Hispanics.<sup>6</sup>
- **Supplemental Security Income, or SSI**, provides support to about 6.3 million low-income children and adults with severe disabilities, as well as 2.1 million low-income seniors.<sup>7</sup>

#### **Social Security Disability Programs Provide Modest but Vital Support**

- The average SSDI benefit for a disabled worker is about \$1,140, just over the federal poverty line, and the average SSI benefit is just \$537 per month as of April 2014 —about half the federal poverty level for a single person, and less than \$18 per day.<sup>8</sup>
- For most adult disability beneficiaries, SSI and SSDI make up all or most of their income.<sup>9</sup> SSDI benefits serve as the main or sole source of income for about 80 percent of beneficiaries.<sup>10</sup> About 1 in 3 SSDI or SSI beneficiaries has no other source of income.<sup>11</sup>
- SSDI and SSI benefits keep millions of people from deep poverty and homelessness. Poverty rates are substantially higher for people who report significant disabilities but are not receiving SSDI benefits than for people who have been receiving SSDI benefits for at least 5 years.<sup>12</sup> Without SSDI, an estimated half of beneficiaries would live in poverty; even with benefits, about 1 in 5 SSDI beneficiaries live in poverty, and the majority are low-income.<sup>13</sup> About 43 percent of SSI beneficiaries live in poverty and 65 percent are low-income.<sup>14</sup>

#### **Social Security Disability Standard is Strict, and Most Applications Are Denied**

- **The Social Security Act's disability standard is one of the strictest in the developed world.** According to the Organisation for Economic Co-operation and Development (OECD), the U.S. has the most

restrictive and least generous disability benefit system of all OECD member countries, except Korea.<sup>15</sup>

- **Most applicants for Social Security disability benefits are denied. Fewer than four in ten are approved, even after all stages of appeal.**<sup>16</sup>
- Beneficiaries have severe impairments and conditions such as cancers, kidney failure, congestive heart failure, emphysema, and multiple sclerosis.
- Many are terminally ill: 1 in 5 male SSDI beneficiaries and nearly 1 in 6 female SSDI beneficiaries die within 5 years of receiving benefits.<sup>17</sup> SSDI beneficiaries are also three times as likely to die as other people their age.<sup>18</sup>
- Despite their impairments, many beneficiaries report eagerness to do some work, and some do work part-time. But research indicates that the average earning potential of beneficiaries with "work capacity" is a few thousand dollars per year—clearly insufficient to support oneself.<sup>19</sup>

### **Demographics Explain Nearly All Growth in Social Security Disability Insurance**

- The Social Security disability programs have grown significantly since they were signed into law, as well as in recent years. **This growth was expected and projected as far back as 1995.**
- According to Social Security's Chief Actuary, the growth in SSDI (from 1980 to 2010) is mostly the result of several factors: substantial growth in the U.S. population; the baby boomers aging into their high-disability years; women entering the workforce in large numbers in the 1970s and 1980s so that more are now "insured" for SSDI based on their own prior contributions; and the increase in the Social Security retirement age so that disabled workers continue to receive SSDI benefits for longer before converting to retirement benefits.<sup>20</sup>
- Many experts including Social Security's Chief Actuary caution against overstating the role that the recent economic downturn has played in the growth in SSDI. **The Chief Actuary estimates that the 2010 recession accounts for only a 5 percent growth in beneficiaries.**<sup>21</sup>
- Demographic factors – such as a disproportionately older population – also largely explain geographic variation in rates of receipt of Social Security disability benefits.<sup>22</sup>

### **Awards Rates Have Fallen During the Recent Economic Downturn**

- While economic downturns tend to boost *applications* for benefits, research finds that they have a much smaller effect on *awards*.<sup>23</sup> The 2010 recession was no exception on either front.
- In fact, **the percentage of applicants awarded benefits has declined significantly during the recent economic recession**, from 39 percent in FY 2007 to just 33 percent in FY 2011, suggesting that applicants for benefits who did not meet Social Security's strict disability standard were screened out.<sup>24</sup>
- The drop in the percentage of applicants found eligible at the Administrative Law Judge (ALJ) hearing level has been even more dramatic, falling by more than ten percentage points between FY 2007 and 2012.<sup>25</sup>

### **Social Security Disability Programs Reflect Broader Trends Toward "Invisible" Disabilities**

- According to the World Health Organization (WHO), in rich nations like the U.S. many people are living longer—but with more disability.<sup>26</sup>
- The WHO also reports that today, the leading causes of disability both in the U.S. and abroad are largely invisible—mental illness and musculoskeletal disorders – a trend reflected in the Social Security disability programs.<sup>27</sup>
- Nonetheless, denial of such "invisible" disabilities remains sadly common. Misconceptions persist that individuals who "look healthy" ought not to be receiving disability benefits, and that disabilities visible

to the naked eye are “unambiguous”, whereas impairments less readily observable to an onlooker are labeled “squishy”.

- Examples of often-hidden yet significant disabilities include advanced cancers, Traumatic Brain Injury (TBI), intellectual disability, Autism, and serious mental illness such as Post-Traumatic Stress Disorder (PTSD) and schizophrenia (among many others).

### **The Future of the Social Security Disability Programs**

- As the baby boomers age into retirement, **growth in SSDI has already begun to level off and is projected to decline further in the coming years.**<sup>28</sup>
- The DI trust fund’s projected 2016 shortfall is not a new development, or an unprecedented one. Since Social Security was enacted, Congress has “reallocated” payroll tax revenues between the OASI (retirement) and DI (disability) trust funds – about equally in both directions – some 11 times to account for demographic shifts. After the last reallocation in 1994, the Social Security Board of Trustees accurately projected that similar action would next be required in 2016.<sup>29</sup>
- As it has in the past, Congress could enact a modest reallocation of the 6.2% tax rate between OASI and DI. Under one such plan, both funds would be fully solvent until 2033, and new revenue after that would cover about 77% of Social Security benefits due thereafter.<sup>30</sup> Experts at the Center on Budget and Policy Priorities and SSA’s Chief Actuary have urged Congress to take action to ensure long-term solvency of both trust funds.<sup>31</sup>

### **SSA Needs Sufficient Administrative Funding to Ensure High-Quality Service and Program Integrity**

- **SSA must have sufficient resources to meet the service needs of the public, including people with disabilities.** With the baby boomers entering retirement and their disability prone years, SSA is experiencing dramatic workload increases at a time of diminished funding and staff.
- SSA’s administrative budget equals only about 1.4 percent of benefits paid out each year. Over the last three years, SSA has received nearly \$1 billion less for its Limitation on Administrative Expenses (LAE) than the President’s request. By the end of FY 2013 SSA lost nearly 11,000 employees since FY 2011 – a 13 percent drop in its workforce – at a time of increasing demand.<sup>32</sup>
- **Adequate resources are critical for SSA to perform its program integrity workload.** SSA is required by law to conduct continuing disability reviews to ensure that benefits are paid only as long as beneficiaries remain eligible. SSA estimates that every \$1 spent on a CDR saves the federal government \$9 – but reports a current backlog of 1.3 million CDRs due to many years of insufficient administrative funding.<sup>33</sup>

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- <sup>2</sup> Social Security Administration, Fact Sheet on the Old-Age, Survivors, and Disability Insurance Program, February 2014, [http://ssa.gov/OACT/FACTS/fs2013\\_12.pdf](http://ssa.gov/OACT/FACTS/fs2013_12.pdf).
- <sup>3</sup> U.S. Census Bureau, Current Population Reports, Americans with Disabilities: 2010 (July 2012), <http://www.census.gov/prod/2012pubs/p70-131.pdf>.
- <sup>4</sup> Social Security Administration, Monthly Statistical Snapshot, April, 2014, [http://ssa.gov/policy/docs/quickfacts/stat\\_snapshot/index.html](http://ssa.gov/policy/docs/quickfacts/stat_snapshot/index.html).
- <sup>5</sup> *Id.*
- <sup>6</sup> Michelle Stegman Bailey and Jeffrey Hemmeter, “Characteristics of Noninstitutionalized DI and SSI Program Participants, 2010 UpsRW” Research and Statistics Note No. 2014-02, February 2014, <http://ssa.gov/policy/docs/rsnotes/rsn2014-02.html>.
- <sup>7</sup> *Id.*
- <sup>8</sup> *Id.*
- <sup>9</sup> Kathy Ruffing, Center on Budget and Policy Priorities, Social Security Disability Insurance Benefits are Vital to Workers with Severe Impairments (Aug. 2012), <http://www.cbpp.org/cms/?fa=view&id=3818>.
- <sup>10</sup> *Supra* note 6.
- <sup>11</sup> *Id.*
- <sup>12</sup> Favreault, M.M., Johnson, R.W., and Smith, K.E. How Important Is Social Security Disability Insurance to U.S. Workers? Urban Institute (Jun. 2013), <http://www.urban.org/UploadedPDF/412847-how-important-is-social-security.pdf>.
- <sup>13</sup> *Supra* note 6; low-income is defined as family income under 200 percent of the federal poverty level.
- <sup>14</sup> *Id.*
- <sup>15</sup> OECD, “Sickness, Disability, and Work: Breaking the Barriers: A Synthesis of Findings across OECD Countries” (2010), [http://ec.europa.eu/health/mental\\_health/eu\\_compass/reports\\_studies/disability\\_synthesis\\_2010\\_en.pdf](http://ec.europa.eu/health/mental_health/eu_compass/reports_studies/disability_synthesis_2010_en.pdf).
- <sup>16</sup> *See* Ruffing, *supra* note 9.
- <sup>17</sup> *Id.*
- <sup>18</sup> Kathy Ruffing, “No Surprise: Disability Beneficiaries Experience High Death Rates,” Off the Charts Blog, April 4, 2013, <http://www.offthechartsblog.org/no-surprise-disability-beneficiaries-experience-high-death-rates>.
- <sup>19</sup> *See, e.g.*, Arif Mamun et al., Employment Among Social Security Disability Program Beneficiaries, 1996-2007, Social Security Bulletin, Vol. 71, No. 3 (2011), <http://www.ssa.gov/policy/docs/ssb/v71n3/v71n3p11.pdf>.
- <sup>20</sup> Testimony of Stephen Goss, Chief Actuary, Social Security Administration, before the House Ways and Means Committee (March 2013), [http://waysandmeans.house.gov/uploadedfiles/goss\\_testimony.pdf](http://waysandmeans.house.gov/uploadedfiles/goss_testimony.pdf).
- <sup>21</sup> *See id*; *see also* Ruffing, *supra* note 9; *see also* Kathy Ruffing, Center on Budget and Policy Priorities, Disability Benefits Are Hard to Get – Even in Recessions, Sept. 3, 2013, [www.offthechartsblog.org/disability-benefits-are-hard-to-get-even-in-recessions/](http://www.offthechartsblog.org/disability-benefits-are-hard-to-get-even-in-recessions/).
- <sup>22</sup> *See, e.g.*, Kathy Ruffing, Center on Budget and Policy Priorities, The State of Disability, March 26, 2013, [www.offthechartsblog.org/the-state-of-disability](http://www.offthechartsblog.org/the-state-of-disability); *see also* Kathy Ruffing, Not So Hale and Hearty: Explaining Disability Rates in One Alabama County, April 15, 2013, [www.offthechartsblog.org/not-so-hale-and-hearty-explaining-disability-rates-in-one-alabama-county](http://www.offthechartsblog.org/not-so-hale-and-hearty-explaining-disability-rates-in-one-alabama-county).
- <sup>23</sup> Ruffing, *supra* note 9.
- <sup>24</sup> Social Security Advisory Board, Aspects of Disability Decisionmaking: Data and Materials (Feb. 2012), Chart B.7 at 12, [http://www.ssab.gov/Publications/Disability/GPO\\_Chartbook\\_FINAL\\_06122012.pdf](http://www.ssab.gov/Publications/Disability/GPO_Chartbook_FINAL_06122012.pdf); *see also* Goss et al., Disabled Worker Allowance Rates: Variation Under Changing Economic Conditions, Actuarial Note 153, August 2013, [www.socialsecurity.gov/OACT/NOTES/pdf\\_notes/note153.pdf](http://www.socialsecurity.gov/OACT/NOTES/pdf_notes/note153.pdf); *see also* Kathy Ruffing, Center on Budget and Policy Priorities, Disability Benefits Are Hard to Get – Even in Recessions, Sept. 3, 2013, [www.offthechartsblog.org/disability-benefits-are-hard-to-get-even-in-recessions](http://www.offthechartsblog.org/disability-benefits-are-hard-to-get-even-in-recessions).
- <sup>25</sup> *See* Testimony of Glenn Sklar before the U.S. House of Representatives Committee on Oversight and Government Reform, Subcommittee on Energy Policy, Health Care and Entitlements, June 27, 2013; *see also* Testimony of Thomas Sutton, before the U.S. House of Representatives Committee on Oversight and Government Reform, Subcommittee on Energy Policy, Health Care and Entitlements, June 27, 2013.
- <sup>26</sup> World Health Organization, Global Burden of Diseases, Injuries, and Risk Factors Study (2010), <http://www.healthmetricsandevaluation.org/gbd/research/project/global-burden-diseases-injuries-and-risk-factors-study-2010>.

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<sup>27</sup> *Id.*

<sup>28</sup> Goss, *supra* note 20.

<sup>29</sup> Social Security Board of Trustees, Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, September 1995, <http://www.ssa.gov/history/reports/trust/1995/index.html>.

<sup>30</sup> Chris Chaplain, Jason Schultz, and Daniel Nickerson, Social Security Administration Office of the Chief Actuary, Memorandum, May 31, 2013, Potential Reallocation of the Payroll Tax Rate Between the Disability Insurance (DI) Program and the Old-Age and Survivors Insurance (OASI) Program, [http://www.ssa.gov/oact/solvency/NA\\_20130531.pdf](http://www.ssa.gov/oact/solvency/NA_20130531.pdf).

<sup>31</sup> *See, e.g.*, Ruffing, *supra* note 9.

<sup>32</sup> Testimony of Carolyn Colvin, Acting Commissioner of Social Security, before the U.S. House of Representatives, Committee on Ways and Means, Subcommittee on Social Security, February 26, 2014, [http://www.ssa.gov/legislation/testimony\\_022614.html](http://www.ssa.gov/legislation/testimony_022614.html).

<sup>33</sup> *Id.*