

Restructuring Disability Benefits

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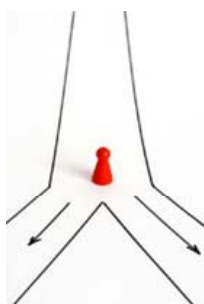
National Academy of Social Insurance
Social Security Disability Insurance Forum
Cannon House Office Building
Washington, DC

April 3, 2012

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DISABILITY POLICY

A Road Map to a 21st-Century Disability Policy



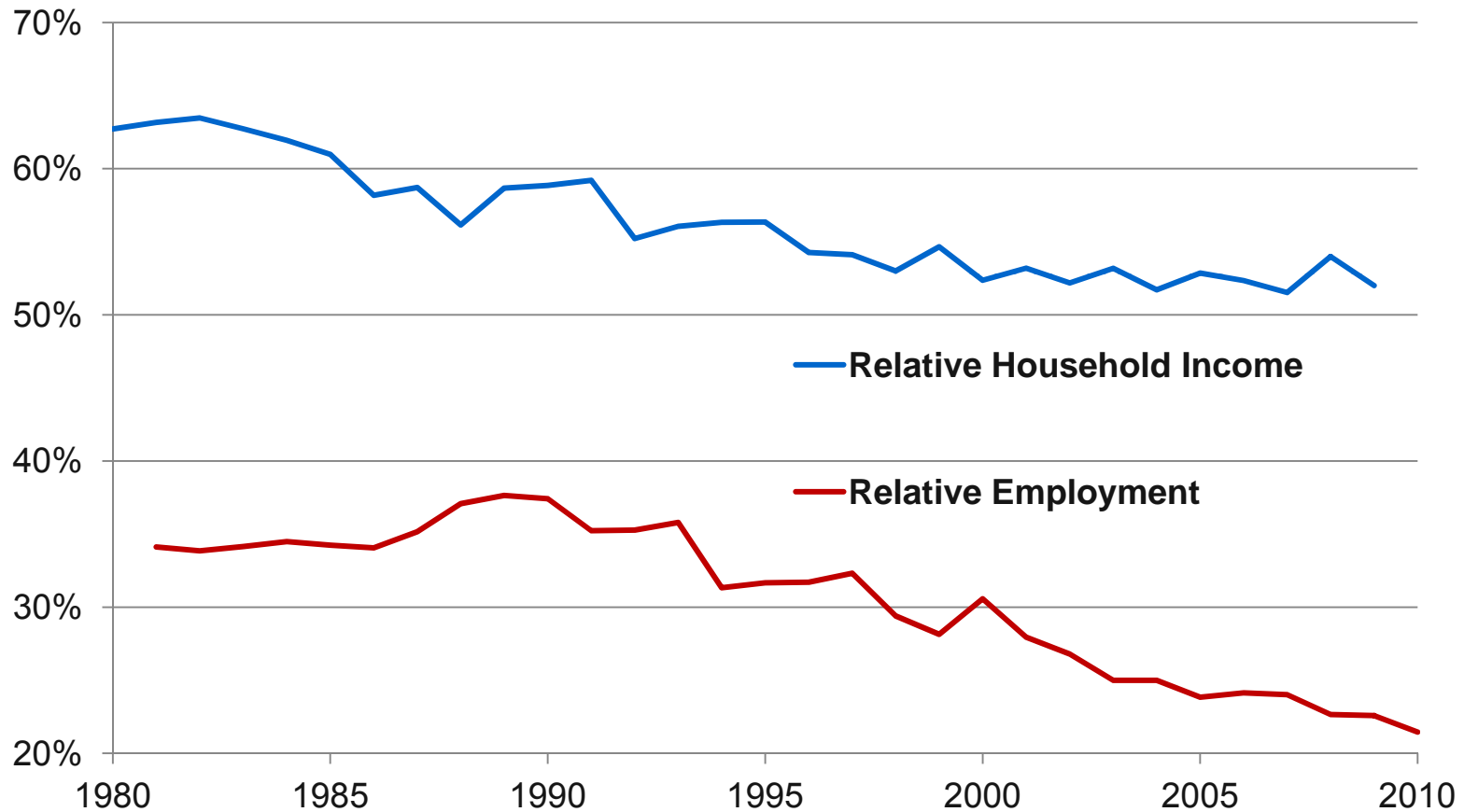
A new [issue brief](#) outlines an alternative approach to slowing expenditure growth while improving the economic status of American with disabilities. The proposed plan addresses the work disincentives and fragmentation that drive up program costs. [Read the report.](#)

- Co-author: David Mann
- This research was sponsored by the National Institute for Disability and Rehabilitation Research via the University of New Hampshire's Rehabilitation and Training Center on Employment Policy and Measurement, under cooperative agreement H133B100030.
- The contents do not necessarily represent the policy of the Department of Education, and you should not assume endorsement by the Federal Government (Edgar, 75.620 (b)).

Current Policies Are Failing People with Disabilities



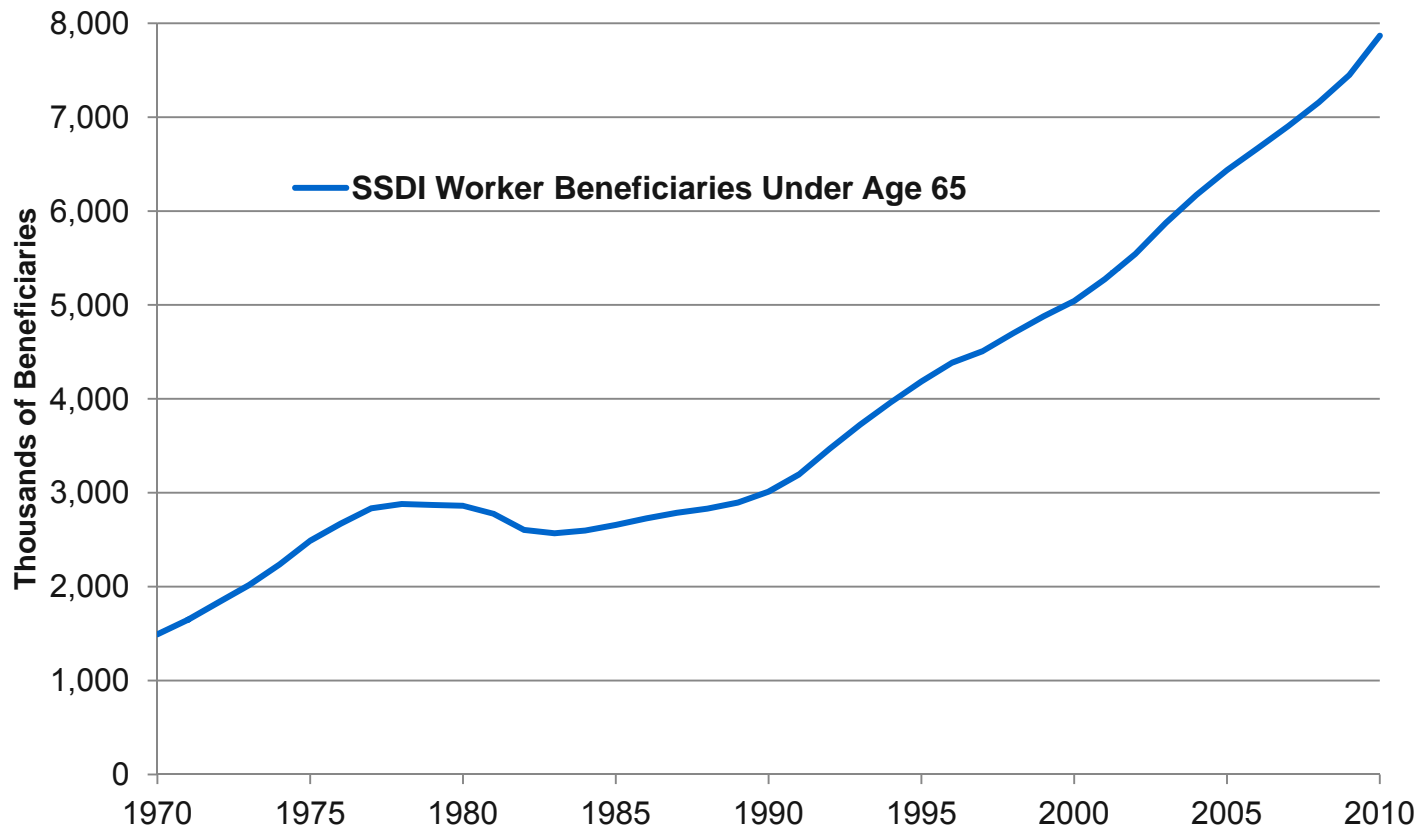
Current Policies Are Failing People with Disabilities



Poverty Rates Are High

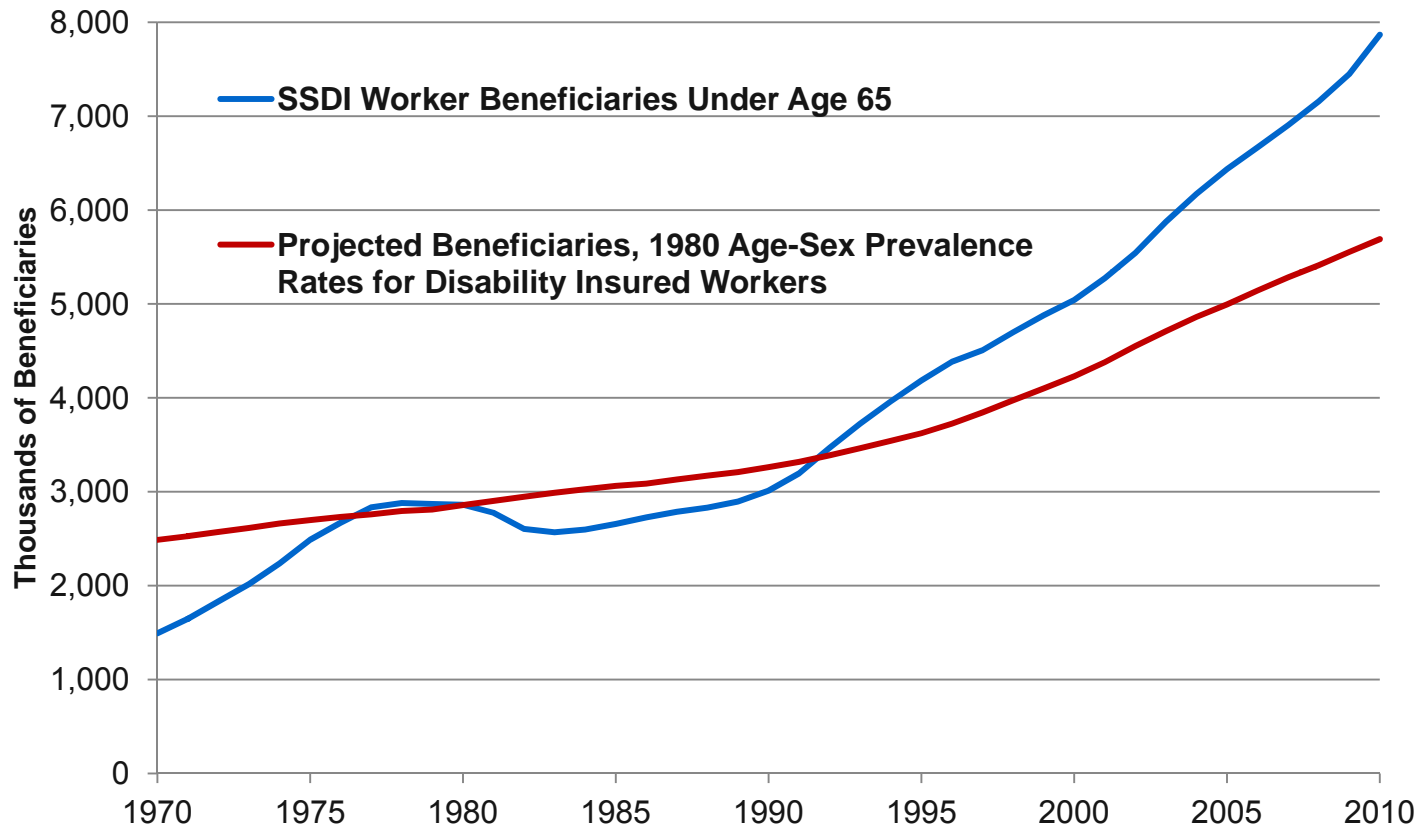
- **65% of those in long-term poverty (three years or more) have a disability**
- **50% of all SSDI/SSI beneficiaries live in poverty**

Current Policies are Failing Taxpayers



Source: Analysis of published statistics from SSA (details available on request).

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12% of Federal Outlays Support Working-age People with Disabilities

Category	FY 2008 Expenditures (in millions)	Percent Change, FY 2002–2008 (adjusted for inflation)
Income maintenance	169,801	29.5
Health care	169,099	34.4
Housing/food assistance	11,643	17.9
Education, training, and employment	4,321	-2.6
Other services	2,492	2.3
Total	357,356	30.6

Incremental Improvements Have Not Reversed These Trends

- **Legislation intended to improve outcomes**
 - Americans with Disabilities Act (ADA)
 - Rehabilitation Act / Workforce Investment Act
 - Individuals with Disabilities Education Act
 - Ticket to Work and Work Incentives Improvement Act
- **Why?**
 - Layering complexity on top of complexity
 - “Benefits first, work support later” approach

Major Structural Reforms are Needed

Early Intervention Proposals

Work Insurance

Being American

(MacDonald and O'Neil 2006)

- Funded by payroll taxes
- Temporary cash and employment supports
- Applicants directed to work-insurance program, SSDI, or denied assistance
- Eligibility based on medical conditions and other considerations

Universal Short Term Private Disability Insurance

(Autor and Duggan 2010)

- Required
- Employer and employee premiums.

Experience Rating

(Burkhauser and Daly 2011)

- SSDI payroll taxes to employers partly based on SSDI benefits paid to former employees

More Fundamental Reforms

- **Address work disincentives comprehensively**
 - Replace “inability to work” with “work capacity” (Mann and Stapleton 2011)
 - Compensation for “extra cost of disability”
- **Consolidate/integrate programs**
 - GAO
 - (Mann and Stapleton 2011)
- **Devolve more responsibility and flexibility to state and local entities**
 - SSI to states (Burkhauser and Daly 2011)
 - Disability Support Administrators (Mann and Stapleton 2011)

Structural Changes Require Testing

- **Focused demonstration period**
 - 10 or more years
 - Build the evidence base
 - Build policy and political consensus
- **Demonstrations require collaboration**
 - Federal and state agencies
 - Large municipalities
 - Various private organizations
- **Federal legislation required**

The Viable Options

- **Decades of:**
 - **Trimming eligibility and benefits**
 - **Small efficiency gains within programs**
 - **Deteriorating economic security**
- OR**
- **Launch a structural reform process**
 - **Demonstration period with objectives and timetable**
 - **Short-term protection for current programs in exchange for long-term savings**

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