SSDI receipt is strongly correlated with education. Among near-retirement age individuals, rates of SSDI receipt are less than 5 percent for college graduates, around 10 percent for high school graduates, and over 20 percent for high school dropouts (Coile, 2016). Determining whether this strong association reflects a causal effect of education on SSDI receipt is challenging. Education may affect SSDI receipt through a variety of channels, such as occupational choice or health. Yet in addition, early-life health or family background could affect both education and SSDI receipt, generating an association between them that is not reflective of a causal effect.

This project will estimate the causal effect of education on SSDI receipt and earnings, exploiting variation arising from the elimination of the Social Security Student Benefit Program (SBP) in 1982. The SBP extended dependent benefits to children of deceased, disabled, or retired Social Security beneficiaries – normally available until age 18 – through age 22 if the child was enrolled in college. At its peak, 12 percent of full-time college students were receiving benefits through this program. Dynarski (2003) estimates that access to the SBP increased the probability of attending college by 22 percentage points. However, the long-term effects of this program have not been explored. This project would use SSA administrative records and require an SSA co-author (yet to be identified). While education is not available in the SSA data, a two-sample instrumental variables approach may be used to determine the effect of education on SSDI receipt and earnings. Preliminary power calculations indicate that effects could be detected using a 1% convenience sample of the Master Beneficiary Record (MBR), though access to the full MBR would be desirable if feasible. This project could lay the groundwork for subsequent projects that would examine effects of education on mortality, retirement, and Social Security claiming decisions. Michael Stepner may be joining as a co-author (tentative).

This project contributes to focal area #1, trends in disability, as it can shed light on how changes in educational attainment in the population may be expected to affect the SSDI rolls. Secondarily, the research may contribute to focal area #4, informing long-term projections and models, through its estimates of the effects of education on earnings.