Examining the Impact of Inflation on the Economic Security of DI and SSI Beneficiaries

Stephanie Rennane, RAND
Zachary Morris, Stony Brook University

People with disabilities, including DI and SSI beneficiaries, often incur substantial out-of-pocket expenses for disability-related goods and services such as assistive technologies, long-term care services, and construction costs for home accommodations. Some people with disabilities also spend more on regular goods and services, including greater heating and food costs (Mont & Cote, 2020). A recent study estimated that, as a result of these expenses, adults with work-disabilities in the U.S require 29% more income on average (or an additional $18,322 a year for a household at the median income level) to obtain the same standard of living as a comparable household without a member with a disability (Morris et al., 2021).

In 2022, all Social Security benefit recipients, including those who receive DI and SSI benefits, received a 5.9% cost of living adjustment (COLA). Yet this increase may not do enough to keep up with the ongoing inflationary pressures in the economy, particularly for the goods and services that people with disabilities need to purchase. For example, according to the Bureau of Labor and Statistics, from 2020 to 2021 the US city average cost of care of invalids and elderly at home increased by 7.4%, domestic services increased by 9.1%, and transportation related costs increased by 14.6%. Prior research has yet to examine the impact of inflationary pressures on the financial security of disability benefit recipients and, specifically, whether recent inflation has disproportionately affected disability-related goods and services. Such an analysis could provide insights as to whether further adjustments to COLA or other financial supports could be beneficial to people with disabilities who receive DI and/or SSI benefits.

In this proposed project, we will investigate the impact of inflation on disability-related goods and services and seek to understand how recent inflation is impacting the economic security of DI and SSI beneficiaries. We will pose questions to an existing nationally representative online panel survey with a large sample of beneficiaries - the Understanding America Study (UAS) - to understand what kinds of extra disability-related costs DI and SSI beneficiaries experience and if those costs have been impacted by inflation. Specifically, we will ask respondents about their need for and purchase of goods across a variety of domains including health, transportation, housing, and care-related costs. We will ask respondents about their ability to pay for these items and whether their ability to pay has been impacted by recent price increases. Following the survey responses, we will collect and analyze data on prices for identified goods and services to better quantify the financial impact of inflation on beneficiaries. We will also explore linking survey information to other financial security questions already asked of the UAS panel to deepen the analysis. This project directly addresses Focal Area #4 (Economic Security of SSA Beneficiaries) and, to the extent that some of the root causes of inflation are related to the pandemic, also provides insight into how the COVID-19 pandemic continues to affect populations served by SSA programs.