Project Proposal to the Social Security Administration Retirement and Disability Research Consortium

Title: Covid-19 Pandemic Effects on the Composition of the Population with Disabilities and Implications for Social Security Policy

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This project will contribute primarily to the SSA's Focal Area #2 and is related to Areas #1 and #6, by assessing how the composition of the population with disabilities has changed during the Covid-19 pandemic, along with economic ramifications for that population and SSA policy.

Recent data from the BLS shows that the employment-to-population ratio (EPOP) in the U.S. declined sharply at the outset of the pandemic but has now largely recovered (Figures 1a and 1b). Surprisingly, employment among the population with disabilities surpassed pre-pandemic levels: their EPOP ratio fell from 19% in Feb/20 to a low of 16% in Apr/20, before rising to 21% in Feb/22.[1] While this trend is consistent with positive factors – e.g., reduced barriers through remote work accommodations, less discrimination in virtual interviews, and direct benefits of a tighter market – it might also be explained by changes in the population with disabilities.

Our main objective is to analyze flows into and out of the population with disabilities to understand its composition variation during the pandemic and the implications of SSA policy for employment, well-being, and SSDI. As the National Council on Disability (2002) warned, an incomplete understanding of the disability composition "could lead to ineffective or even dangerous public policy decisions."[2]

Changes in population and employment for those with disabilities could signal a compositional shift towards individuals with a higher propensity for employment. Patterns in Figures 1a and 1b could reflect a combination of factors: (a) increased mortality of vulnerable disabled individuals with lower attachment to the labor force; (b) an initial slowdown (and subsequent catch-up) of individuals reporting disabilities due to delays in medical appointments and claims processing as SSA offices closed; (c) disabilities developed during the covid public health crisis might be more amenable for continuing market work for survivors (e.g., respiratory vs. musculoskeletal); (d) more SSDI applications from those with pre-existing disabilities previously unreported (as an alternative to unemployment).[3] Compositional changes could explain the EPOP trends even in the absence of structural changes in barriers to employment for workers with disabilities. Identifying the trends' sources is crucial to understanding the mechanisms through which the pandemic affected the population with disabilities and guiding social security and workforce policy design that is equitable and centered around their future needs.

DATA: Microdata from the Survey of Income and Program Participation (SIPP) and Disability Analysis File (DAF) Public Use Files. Each dataset has important characteristics to tackle different aspects of the project. SIPP's overlapping panel structure and available month of reference allow comparisons within households regarding disability, health, employment, and economic status before and after the pandemic took hold. DAF's administrative data provides details on disability determination and type, SSDI participation and payments, and dates on the end of SSDI receipt and death, tracking the inflow and outflow of individuals from the population in SSDI rolls during different phases of the pandemic. The 2020 SIPP is currently available. 2021 SIPP and 2020 DAF PUF should be released in Fall 2022.

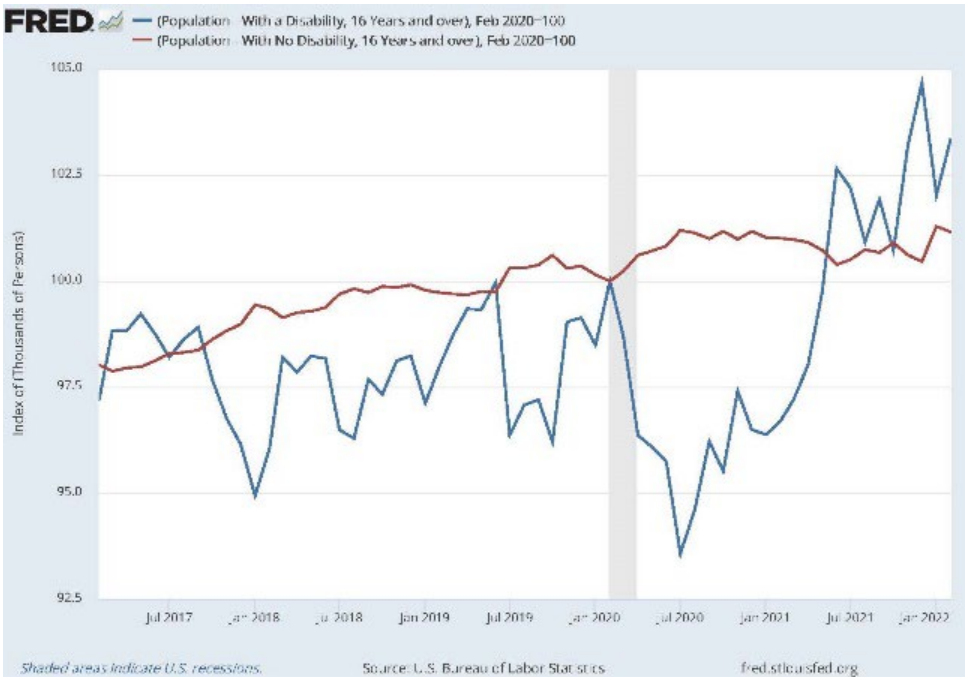
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[1] The corresponding values for the nondisabled are 67%, 56%, and 65%, respectively: tinyurl.com/3bbjpnbs.

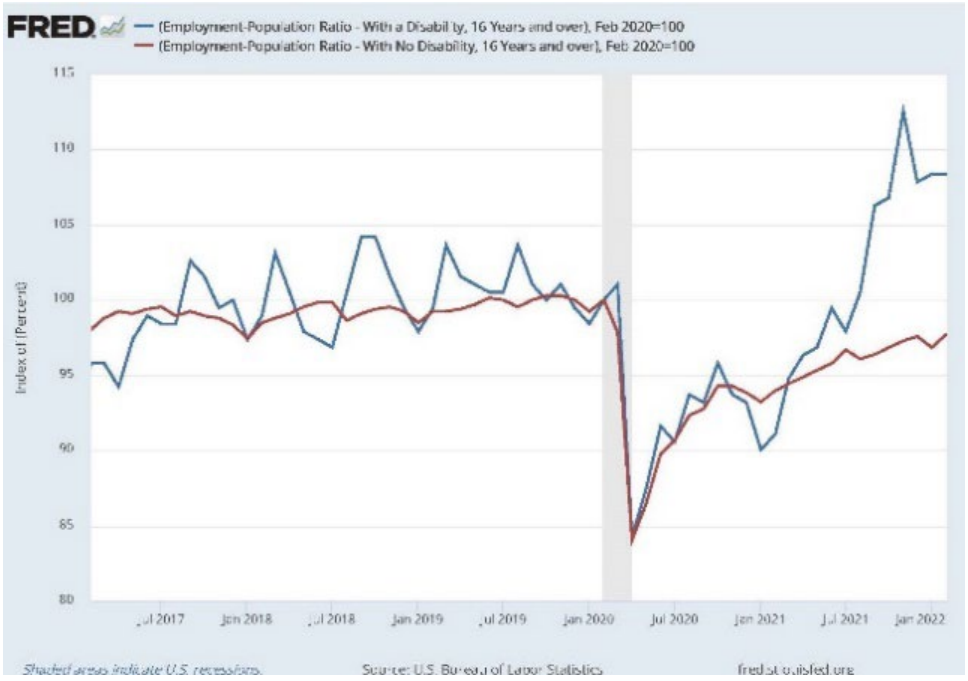
[2] National Council on Disability (2002), National Disability Policy: A Progress Report, Washington, DC.

[3] Bound, John, Charles Brown, and Nancy A. Mathiowetz, ‘‘Measurement Error in Survey Data’’ (pp. 3705–3843), in James J. Heckman and Edward E. Leamer (Eds.), Handbook of Econometrics (Amsterdam: North-Holland, 2001).

Figure 1: Population and Employment-Population Ratio (Source: FRED/ BLS)



(a)



(b)