



Disability Benefits Do Not Stop Men from Working

Social Security Beneficiaries, Veterans, and Injured Workers Are Not to Blame for the Decline in Men's Employment

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For most of the past half-century, the share of prime-age men—those ages 25 to 54—in the labor force has been declining slowly but steadily. In the first quarter of 2017, 88.8 percent of civilian prime-age men were in the labor force on average, compared with 96.6 percent in 1967.¹

A number of conservatives argue that Social Security—specifically Social Security Disability Insurance (SSDI), which pays benefits to those who cannot work due to a serious medical condition—bears a large portion of the blame. For instance, Nicholas Eberstadt, a political scientist with the American Enterprise Institute (AEI), claims that “collecting disability is an increasingly important profession in America these [d]ays.”² Media outlets have elevated claims such as these, often in sensationalist and one-sided ways.³ It has even been suggested that benefits for disabled veterans and compensation for workers injured on the job are also contributing to the decline in labor force participation.⁴

Concern about the long-term decline in prime-age men's employment is long-standing and legitimate. Researchers have found that the decline is driven, at least in part, by a decline in good jobs for people without bachelor's degrees as well as overly punitive criminal justice policies.⁵

But claims that disability benefits play a significant role in the decline of prime-age men's employment are not well-founded. As detailed further below, a thorough study by economist Jason Furman and his colleagues at the Council of Economic Advisers found that only a tiny sliver—at most about 0.1 percentage point—of the decline in prime-age men's labor force participation since 1967 can be explained by the modest increase in SSDI receipt. And the number of prime-age men receiving veterans disability or workers' compensation is down over the past half-century.

The outsize attention to disability insurance distracts from the more fundamental factors behind the decrease in prime-age men's employment—and from the solutions that would actually help struggling working-class men and women. These solutions include creating

more and better jobs, reforming overly punitive criminal justice policies, and expanding labor market and family supports for workers and job seekers. Instead of taking disability insurance and compensation away from people with disabilities, these real solutions would connect more men and women to good, stable, family-friendly work.

At most, SSDI may have reduced prime-age men's labor force participation by 0.1 percentage point over the past half-century

SSDI, first added during the Eisenhower administration, is one of the main pillars of our Social Security system.⁶ Working people earn SSDI coverage in the same way they earn Old-Age Insurance coverage, through their work history and payroll tax contributions. Unlike Old-Age Insurance benefits, which all workers can claim once they reach the minimum retirement age, workers are only eligible for SSDI benefits if they have a medical condition that meets the Social Security Administration's (SSA) strict definition of permanent and total disability.

The percentage of prime-age men receiving SSDI has edged up slightly over time—by 1.5 percentage points between 1967 and 2015.⁷ Over the same period, prime-age men's labor force participation rate fell by 8.4 percentage points.⁸ Thus, even if one makes the utterly implausible assumption that every new SSDI beneficiary directly and solely caused a labor force exit, at best, SSDI would only explain one-fifth of the decline in prime-age men's labor force participation since 1967.

Pegging SSDI as the source of declining labor force participation is implausible for several reasons. First, among prime-age men who receive SSDI, about 13 percent are in the labor force.⁹ This may surprise some given SSDI's stringent total disability standard. But SSDI also has special work incentive rules that make it possible for people with disabilities to return to work, if able, without immediately losing monthly benefits. Second, labor force participation has declined among prime-age men who are not receiving Social Security.¹⁰ Finally, prime-age men are slightly more likely to be between the ages of 50 to 54 today than they were in 1967, and as a consequence of being older, face a greater risk of disability.¹¹

Furman has estimated how much of the decline in prime-age men's labor force participation can be explained by the modest increase in the share of men receiving SSDI.¹² Accounting for a range of factors, Furman's best estimate found that SSDI explains a mere 0.1 percentage point of the 8.4 percentage point decrease in prime-age men's labor force participation over the past half-century. This means that nearly 99 percent of the decline is due to factors other than SSDI.¹³

Veterans disability compensation and other disability benefits do not explain labor force participation decline

Conservatives also suggest that other key disability benefits, including Supplemental Security Income (SSI), veterans disability compensation, and workers' compensation are significant contributors to the decline in prime-age men's labor force participation. Again, this simply is not the case.

TABLE 1

More middle-aged men are not in the labor force, but fewer are receiving disability benefits from the Social Security Administration

Number of men ages 30–49

Year	Not in labor force	Social Security Disability Insurance	Supplemental Security Income
1996	3,131,000	1,067,000	763,000
2015	4,116,000	1,072,000	738,000
Difference, 1996–2015	985,000	5,000	-25,000
Percentage difference	31.5%	0.5%	-3.3%

Note: In some instances, figures have been rounded and may differ from reported totals.

Sources: The "not in labor force" figures are annual averages calculated from Bureau of Labor Statistics data series LNU05000171, LNU05000172, LNU05000179, and LNU05000181. See U.S. Bureau of Labor Statistics, "BLS Data Finder 0.9," available at <https://beta.bls.gov/dataQuery/search> (last accessed May 2017). The Social Security Disability Insurance figures are calculated from Social Security Administration, *Annual Statistical Report on the Social Security Disability Insurance Program, 2015* (2016), Table 19, available at https://www.socialsecurity.gov/policy/docs/statcomps/di_asr/2015/. The Supplemental Security Income figures are calculated from Social Security Administration, *Annual Statistical Supplement, 2016* (2016), Table 7.E3, available at <https://www.socialsecurity.gov/policy/docs/statcomps/supplement/2016/>; Social Security Administration, *Annual Statistical Supplement, 1997* (1997), Table 7.E3, available at <https://www.ssa.gov/policy/archive/Supplement-1997.pdf>.

Supplemental Security Income

SSI is a very modest means-tested benefit, with the average benefit being about \$540 a month.¹⁴ The disability test for SSI is the same as for SSDI, but applicants must meet additional income and asset tests. About 1 in 10 disabled SSDI beneficiaries ages 18 to 64 also receive SSI.¹⁵

Due to data constraints, the discussion of SSI for this brief focuses on men ages 30 to 49, or mid-age men, and looks at the years between 1996 and 2015. It also provides comparable figures for SSDI and labor force participation.¹⁶

As shown in Table 1, the number of men in this age range—30 to 49—who were not in the labor force increased by nearly 1 million between 1996 and 2015. By comparison, there was hardly any increase in the number of such men receiving SSDI—about 5,500 or 0.5 percent—during that time period. Moreover, there was a decline—about 25,000 or 3.3 percent—in the number of men receiving SSI. Given this, the overall number of men ages 30 to 49 receiving disability benefits—SSDI, SSI, or both—from the SSA has likely declined since 1996.¹⁷ The bottom line: There is no good reason to think SSDI or SSI have contributed to the decline in mid-age men's labor force participation since 1996.

Workers' and veterans disability compensation

The vast majority of prime-age male veterans who receive veterans disability compensation, about 64 percent, are in the labor force—not out of it.¹⁸ And among male veterans of the second Gulf War with service-connected disabilities—who are generally eligible for disability compensation—77.9 percent were in the labor force in August 2016.¹⁹ Similarly, nearly 70 percent of prime-age men receiving workers' compensation are in the labor force.²⁰ This may be surprising, but unlike SSDI and SSI, workers do not need to have a total and permanent work disability to receive workers' compensation or veterans compensation. For example, just more than half of male veterans receiving compensation have a disability rating of 40 percent or less; and only 12 percent have a total—100 percent—disability.²¹

Trends across several data sets demonstrate a decline in receipt of workers' compensation over the past several decades—making it an unlikely candidate for driving a decline in labor force participation. The Current Population Survey (CPS) has tracked workers' compensation receipt since 1988. Among all prime-age men, about 2.1 percent reported receiving workers' compensation in 1987; by 2015, only 0.6 percent did.²²

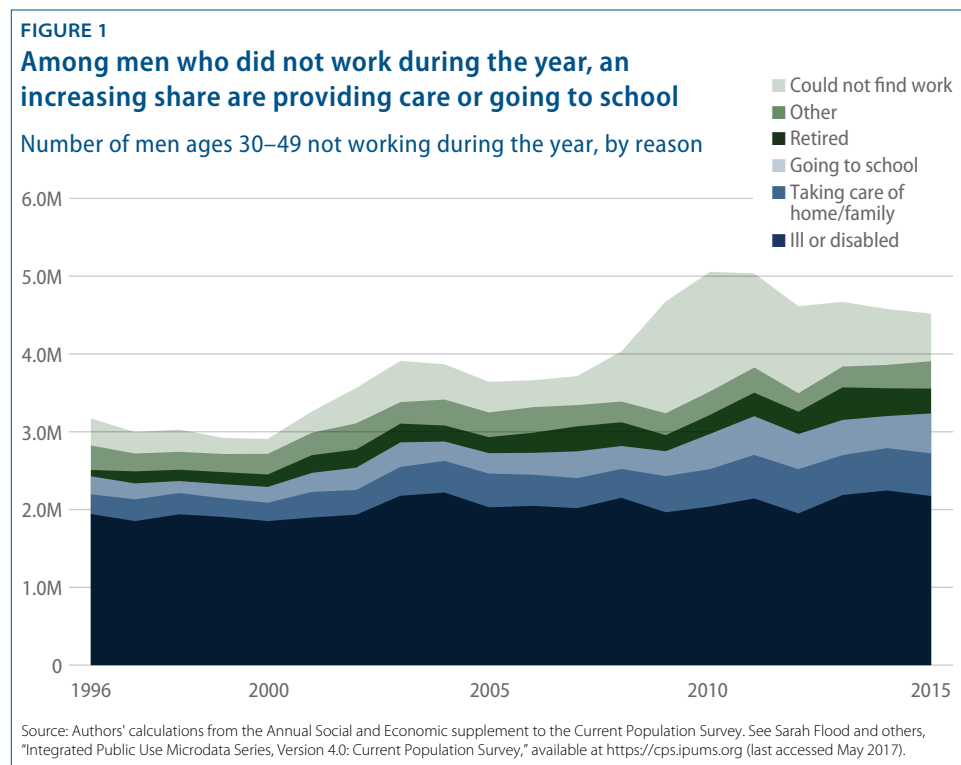
Workers' compensation is underreported in the CPS, but the trend seen in the survey is consistent with other estimates. For example, analyst Nick Buffie and economist Dean Baker calculated that the number of workers' compensation beneficiaries fell by nearly 40 percent between 2001 and 2011.²³ Similarly, according to the National Academy of Social Insurance, the number of workers' compensation claims per 100,000 insured workers was 56.7 percent lower in 2012 than in 1994.²⁴

Similarly, the number of veterans between the ages of 35 to 54 receiving disability compensation is lower today than a half-century ago—about 1.35 million in 1968 compared with 1.21 million in 2015.²⁵ And, there are almost certainly more women among the 1.21 million veterans receiving compensation in 2015 than there were in 1968. Moreover, in recently published research, Matthew Rutledge and his colleagues found “little evidence that, for a given level of disability, recent cohorts of veterans with disabilities are less likely to work than past cohorts, which were subject to more stringent disability evaluations.”²⁶ They also documented that “among veterans with the most severe disabilities, those with ratings of 50 percent or greater, employment and labor force participation actually increased relative to nondisabled veterans (and are flat overall).” Thus, it seems unlikely that veterans disability compensation plays any meaningful role in the decline of prime-age men's labor force participation over the past half-century.²⁷

If it's not disability benefits, what is it?

In its 2016 report, the Council of Economic Advisers concluded: “Reductions in the demand for labor, especially for lower-skilled men, appear to be an important component of the decline in prime-age male labor force participation. ... This reduction in demand, as reflected in lower wages, could reflect the broader evolution of technology, automation, and globalization in the US economy.”²⁸ The Center for American Progress will discuss this and other factors in future reports and briefs—as well as examine trends among women workers, too. But for now, it is informative to look at trends in the reasons men give for not working.

Between 1996 and 2015, the number of men ages 30 to 49 who reported not working during the year increased by about 1.3 million. Figure 1 shows how the reasons men give for not working changed during this period.²⁹ Over the reviewed time span, the number of men ages 30 to 49 reporting an illness or disability as the reason for not working increased by 12 percent, while the numbers reporting caregiving or school more than doubled. These increases in caregiving and school by men in their 30s and 40s deserve more attention than they have received to date in the media.



Conclusion

The long-term decline in prime-age men's employment is a well-known and legitimate concern for policymakers. But Social Security, veterans disability compensation, and workers' compensation are not driving the decline. To the contrary, these earned insurance benefits help workers with disabilities maintain a dignified, if basic, standard of living. Policymakers and the media should focus on issues that are really driving the decline, including too few decent jobs for the working class, the barriers to employment caused by mass incarceration, and underinvestment in labor market supports for workers and job seekers.³⁰

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Endnotes

- 1 Authors' calculation from the Bureau of Labor Statistics, "Databases, Tables and Calculators by Subject: LNS11300061," available at <https://data.bls.gov/timeseries/LNS11300061> (last accessed May 2017).
- 2 Michael Barone, "Men Find Careers in Collecting Disability," Townhall, December 3, 2012, available at <https://townhall.com/columnists/michaelbarone/2012/12/03/men-find-careers-in-collecting-disability-n997479>.
- 3 Margaret Sullivan, "A Column About Poverty Programs Creates a Stir and Raises Legitimate Questions," *The New York Times*, January 29, 2013, available at <https://publiceditor.blogs.nytimes.com/2013/01/29/a-column-about-poverty-programs-creates-a-stir-and-raises-legitimate-questions/>; Trudy Lieberman, "Disability, Social Security, and the missing context," *Columbia Journalism Review*, May 31, 2013, available at http://archives.cjr.org/united_states_project/disability_social_security_and.php; Fairness and Accuracy in Reporting, "Disabled Are New Target for Charges of Cheating," June 1, 2013, available at <http://fair.org/extra/disabled-are-new-target-for-charges-of-cheating/>.
- 4 Nicholas Eberstadt, *Men Without Work: America's Invisible Crisis* (West Conshohocken, PA, Templeton Press, 2016).
- 5 Elisabeth Jacobs, "The Declining Labor Force Participation Rate: Causes, Consequences, and the Path Forward," Testimony before the United States Joint Economic Committee, "What Lower Labor Force Participation Rates Tell Us about Work Opportunities and Incentives," July 15, 2013, available at <http://equitablegrowth.org/research-analysis/declining-labor-force-participation-rate-causes-consequences-path-forward/>.
- 6 For an in-depth discussion of SSDI, see Rebecca Vallas and Shawn Fremstad, "Social Security Disability Insurance: A Bedrock of Security for American Workers" (Washington: Center for American Progress, 2014), available at <https://www.americanprogress.org/issues/poverty/reports/2014/07/08/93386/social-security-disability-insurance/>.
- 7 Jason Furman, "The Decline of Men Working: Why It Is Happening, What It Means, and What to Do About It," Presentation at the University of California, San Diego (Washington: Peterson Institute for International Economics, 2017), available at <https://piie.com/commentary/speeches-papers/decline-men-working-why-it-happening-what-it-means-and-what-do-about-it>.
- 8 Ibid.
- 9 Among prime-age men not receiving Social Security income, labor force participation has declined from 97.1 percent in 1967 to 90.3 percent in 2015. Authors' analysis of the Current Population Survey, Annual Social and Economic Supplement using Sarah Flood and others, "Integrated Public Use Microdata Series, Current Population Survey: Version 4.0" (Minneapolis: University of Minnesota, 2015), available at <https://cps.ipums.org/cps/>. This estimate may include some prime-age men who either were disabled before age 22 and receive Social Security based on a parent's Social Security earnings record or receive Social Security based on a spouse's earnings record.
- 10 Ibid.
- 11 Ibid.
- 12 Furman, "The Decline of Men Working." In his presentation, Furman updates estimates originally made in 2016 in a report issued by the Council of Economic Advisers, which he chaired at the time. See the Council of Economic Advisers, *The Long-Term Decline in Prime-Age Male Labor Force Participation* (Executive Office of the President of the United States, 2016), available at https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160620_cea_primeage_male_lfp.pdf. For a summary of the report, see Sandra Black and others, "The long-term decline in US prime-age male labour force participation," *VoxEU.org*, July 6, 2016, available at <http://voxeu.org/article/long-term-decline-us-prime-age-male-labour-force-participation-and-policies-address-it>.
- 13 Furman also makes a second estimate that assumes the prime-age men who no longer receive SSDI would participate in the labor force at an even greater rate than other disabled men who do not receive SSDI. Using this less conservative approach implies a slightly larger effect: 0.4 percentage point of the 8.4 percentage point decrease. Of the two estimates, the lower estimate is much more plausible, and even that one may be an overestimate. Disabled men currently receiving SSDI have less capacity to work on average than disabled men who are not currently receiving SSDI. For example, disabled men receiving SSDI are older on average and more likely to be in fair or poor health than disabled men not receiving SSDI. Thus, it seems more likely that in the absence of SSDI, disabled men currently receiving benefits would work at a lower rate than Furman assumes.
- 14 U.S. Social Security Administration, "Table 1. Recipients (by type of payment), total payments, and average monthly payment, March 2016–March 2017," available at https://www.ssa.gov/policy/docs/statcomps/ssi_monthly/2017-03/table01.pdf (last accessed May 2017). Signed into law by former President Richard Nixon in 1972, SSI replaced a patchwork of existing federal-state programs of aid to the aged, blind, and disabled. In his signing statement, President Nixon noted that people receiving benefits under these programs were "subject to great inequities and considerable red tape inherent in the present system of varying State programs with different benefits, eligibility standards, and rules." See The American Presidency Project, "389 - Statement on Signing the Social Security Amendments of 1972," October 30, 1972, available at <http://www.presidency.ucsb.edu/ws/index.php?pid=3673#axzz1ssmRCsRM>. A federal study of SSI's implementation found that "the quality of life of the aged and disabled who are poor has improved greatly since they were transferred to [Supplemental Security] from former state programs." See Martha N. Ozawa, "Impact of SSI on the aged and disabled poor," *Social Work Research & Abstracts* 14 (3) (1978): 3–10. SSI has played an important role in the deinstitutionalization of adults and children with severe disabilities. For more on SSI, see Rebecca Vallas and Shawn Fremstad, "Maintaining and Strengthening Supplemental Security Income for Children with Disabilities" (Washington: Center for American Progress, 2012), available at <https://www.americanprogress.org/issues/poverty/reports/2012/09/10/37115/maintaining-and-strengthening-supplemental-security-income-for-children-with-disabilities/>.
- 15 Social Security Administration, "Disabled Beneficiaries Receiving Social Security, SSI or Both," available at https://www.ssa.gov/policy/docs/statcomps/di_asr/2015/sect05.html (last accessed May 2017).
- 16 The SSA did not begin publishing the number of SSI beneficiaries by both sex and age range until the 1990s. And they do not use age ranges that allows for a comparison of prime-age adults (25–54). The age range we use instead in this section (30–49) is the same age range that AEI's Charles Murray focused on, which consists of, as he put it, "adults in the prime of life, with their educations usually completed, engaged in careers and raising families." See Charles Murray, *Coming Apart: The State of White America, 1960-2010* (New York: Crown Forum, 2012). One other benefit of looking at this age range over the past two decades is that the number of men in it are roughly equal (about 40–41 million) at the beginning and the end. Moreover, a recent front page story in the *The Washington Post* chose to profile a potential SSDI applicant in the very middle of this age range, and the newspaper also used the same time range to estimate the national increase in working-age adults receiving disability benefits. See Terrence McCoy, "Disabled, or just desperate?: Rural Americans turn to disability as jobs dry up," *The Washington Post*, March 30, 2017, available at http://www.washingtonpost.com/sf/local/2017/03/30/disabled-or-just-desperate/?utm_term=.06b47adfeb81. On errors and other problems with this story, see Rebecca Vallas, "The Washington Post Missed on Disability," *Talkpoverty.org*, March 31, 2017, available at <https://talkpoverty.org/2017/03/31/washington-post-missed-disability/>; Rachel West and Katherine Gallagher Robbins, "The Washington Post's Data on Social Security Disability is Just Plain Wrong," *Talkpoverty.org*, April 13, 2017, available at <https://talkpoverty.org/2017/04/13/washington-posts-data-social-security-disability-just-plain-wrong/>; Rebecca Vallas, Rachel West, and Katherine Gallagher Robbins, "The Washington Post Ran a Correction to Its Disability Story. Here's Why It's Still Wrong," *Talkpoverty.org*, April 18, 2017, available at <https://talkpoverty.org/2017/04/18/washington-post-correction-disability-story-still-wrong/>.

- 17 About 10 percent of beneficiaries of SSA disability benefits receive both SSI and SSDI. See the Social Security Administration, "Disabled Beneficiaries Receiving Social Security, SSI or Both."
- 18 Authors' analysis of the National Bureau of Economic Research, "Current Population Survey, Annual Social and Economic Supplement 2016," available at <http://www.nber.org/data/current-population-survey-data.html> (last accessed May 2017).
- 19 Bureau of Labor Statistics, "Employment Situation of Veterans—2016," Press release, March 22, 2017, table 7, available at <https://www.bls.gov/news.release/pdf/vet.pdf>.
- 20 The labor force participation rate of prime-age men who reported receiving workers' compensation in the 2016 CPS-ASEC was 68.4 percent. Authors' analysis of the Current Population Survey, Annual Social and Economic Supplement using Sarah Flood and others, "Integrated Public Use Microdata Series, Current Population Survey."
- 21 Authors' calculation from the Veterans Benefits Administration, *2015 Annual Benefits Report: Compensation* (U.S. Department of Veterans Affairs, 2016), p. 11, "All compensation recipients" table, available at <http://www.benefits.va.gov/REPORTS/abr/ABR-Compensation-FY15-05092016.pdf>.
- 22 Authors' analysis of the Current Population Survey, Annual Social and Economic Supplement using Sarah Flood and others, "Integrated Public Use Microdata Series, Current Population Survey."
- 23 Nick Buffie and Dean Baker, "Rising Disability Payments: Are Cuts to Workers' Compensation Part of the Story?" (Washington: Center for Economic and Policy Search, 2015), figure 2, available at <http://cepr.net/documents/rising-disability-payments-2015-10.pdf>.
- 24 Marjorie L. Baldwin and Christopher F. McLaren, "Workers' Compensation: Benefits, Coverage and Costs, (2014 data)" (Washington: National Academy of Social Insurance, 2016), table 18, available at https://www.nasi.org/sites/default/files/research/NASI_Workers_Comp_Report_2016.pdf.
- 25 The VA's published data on disability beneficiaries by age in 2015 doesn't include age breakouts for veterans less than age 35. See the Veterans Benefits Administration, *Annual Report: Administrator of Veterans Affairs* (U.S. Department of Veterans Affairs, 1968), table 44, available at <https://www.va.gov/vetdata/docs/FY1968.pdf>; Veterans Benefits Administration, *2015 Annual Benefits Report: Compensation*, p. 16, "All compensation recipients and estimated annual payments" table. In addition, more than 100,000 men ages 35 to 64 received veterans' pensions (typically for nonservice connected disabilities) in 1968 than in 2015. See the Veterans Benefits Administration, *2015 Annual Benefits Report: Pension and Fiduciary*, p. 12, "All Veterans Pension recipients and estimated annual payments by age" table.
- 26 Matthew Rutledge, Geoffrey Sanzenbacher, and Caroline Crawford, "The labor supply of veterans with disabilities, 1995–2014," *Monthly Labor Review*, October 2016, available at <https://www.bls.gov/opub/mlr/2016/article/the-labor-supply-of-veterans-with-disabilities-1995-2014.htm>.
- 27 The share of prime-age men who are veterans has declined considerably in recent decades, but the number of veterans with service connected disabilities has risen, especially since 2000. The factors contributing to the increase are complex but include increased survival rates of soldiers wounded in more recent conflicts and policy changes made to veterans' disability compensation. See Matthew S. Goldberg, "Updated Death and Injury Rates of U.S. Military Personnel During the Conflicts in Iraq and Afghanistan," Working Paper 2014-08 (Congressional Budget Office, 2014), available at https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/workingpaper/49837-Casualties_WorkingPaper-2014-08_1.pdf; Congressional Budget Office, "Veterans' Disability Compensation: Trends and Policy Options" (2014), available at https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/45615-VADisability_OneCol_2.pdf.
- 28 Council of Economic Advisers, *The Long-Term Decline in Prime-Age Male Labor Force Participation*.
- 29 Recent research suggests that a significant number of men who are listed in the CPS-ASEC as not having worked at any point in the previous year did work some, thus the numbers in this figure are likely an overestimate of the number of nonemployed for the entire year. John Coglianesi, "Shrinkouts versus Dropouts: Explaining Declines in Labor Force Participation," Working Paper (Harvard University, 2016), available at <https://scholar.harvard.edu/coglianesi/publications/shrinkouts-versus-dropouts-explaining-declines-labor-force-participation>. Coglianesi finds that "those who report participating 0 weeks out of 52 in the March Supplement ... appear increasingly likely to have spent at least some time in the labor force."
- 30 For more on some of these issues, see Rebecca Vallas, Shawn Fremstad, and Lisa Ekman, "A Fair Shot for Workers with Disabilities" (Washington: Center for American Progress, 2015), available at <https://www.americanprogress.org/issues/poverty/reports/2015/01/28/105520/a-fair-shot-for-workers-with-disabilities/>; Annie McGrew and Angela Hanks, "The Case for Paid Apprenticeships Behind Bars" (Washington: Center for American Progress, 2017), available at <https://www.americanprogress.org/issues/economy/reports/2017/04/27/431384/case-paid-apprenticeships-behind-bars/>; Kevin DeGood, "A Plan for Rebuilding America and Investing in Workers and Jobs" (Washington: Center for American Progress, 2017), available at <https://www.americanprogress.org/issues/economy/reports/2017/02/01/297796/a-plan-for-rebuilding-america-and-investing-in-workers-and-jobs/>.