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April 3, 2017

## Trump's Budget Director Gets Social Security Disability Insurance Wrong

By Kathleen Romig

President Trump's budget director, Mick Mulvaney, issued a series of falsehoods about Social Security Disability Insurance (SSDI) during a recent interview, saying: "Let me ask you a question, do you really think that Social Security disability insurance is part of what people think of when they think of Social Security? I don't think so. It's the fastest growing program. ...[I]t grew tremendously under President Obama. It's a very wasteful program."<sup>1</sup> Each of those assertions is wrong, however.

- **SSDI is an essential part of Social Security.** Social Security's retirement, survivors, and disability programs are closely integrated and work together to provide security to workers and their families upon retirement, if a worker becomes disabled before retirement age, or if a worker dies leaving family members to support. SSDI beneficiaries seamlessly switch to retirement benefits at age 66. Like the rest of Social Security, SSDI serves largely older Americans — in SSDI's case, providing vital support to people whose careers are cut short by a severe medical impairment. SSDI beneficiaries are typically over age 50, less educated, with long careers in blue-collar or service-sector work, and disproportionately likely to live in the South, Appalachia, or the Great Lakes region.
- **The number of SSDI beneficiaries is *shrinking*.** The number of SSDI beneficiaries has fallen by 150,000 over the past two years, as demographic and economic pressures on the program have eased. The share of Americans receiving SSDI is expected to remain flat over the next 20 years. Meanwhile, Social Security's *retirement* program is growing steadily as the baby boomers age into their retirement years.
- **SSDI has stringent standards with many safeguards against waste.** To qualify for SSDI, workers must have a solid work history and prove that they have impairments so severe they can't support themselves. Fewer than 4 in 10 applicants ultimately get benefits. The Social Security Administration (SSA) monitors decisions by disability examiners and judges, and routinely conducts reviews of beneficiaries to ensure they remain medically eligible. SSA has an overpayment rate of less than 1 percent.

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<sup>1</sup> CBS News, "Face the Nation transcript March 19, 2017: Cruz, Pelosi, Mulvaney," March 19, 2017, <http://www.cbsnews.com/news/face-the-nation-transcript-march-19-2017-cruz-pelosi-mulvaney/>.

President Trump has repeatedly promised not to cut Social Security, saying, for example, “It’s my absolute intention to leave Social Security the way it is.”<sup>2</sup> Keeping this promise means protecting Social Security Disability Insurance beneficiaries.

## **SSDI: An Essential Part of Social Security**

Contrary to Mulvaney’s assertion, Social Security is much more than a retirement program: It provides modest benefits when someone with a steady work history dies, becomes severely disabled, or retires. Social Security’s disability and retirement programs are closely integrated, sharing key features such as the tax base, a work history requirement to become insured for benefits, the benefit formula, and cost-of-living adjustments. At age 66, SSDI beneficiaries seamlessly switch to retirement benefits without filing a fresh application.

Like the rest of Social Security, SSDI largely serves older Americans. In 2016, three-fourths of SSDI beneficiaries were over 50 and more than one-third were over 60.<sup>3</sup> In addition, DI beneficiaries are typically less educated, with long careers in blue-collar or service-sector work, and disproportionately live in the South, Appalachia, or the Great Lakes region, as Figure 1 shows.<sup>4</sup> Older workers are more likely to qualify because the risk of disability rises with age. Moreover, the Social Security Act requires SSA to consider people’s age, education, and work experience in deciding whether they qualify for benefits, which includes a determination of whether they can support themselves through work.

Although nobody likes to think that serious illness or injury might knock them out of the workforce, that risk is real. A young person entering the labor force today has a one-third chance of dying or qualifying for SSDI before reaching Social Security’s full retirement age.<sup>5</sup>

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<sup>2</sup> CNN, “Transcript of Republican debate in Miami, full text,” March 15, 2016, <http://www.cnn.com/2016/03/10/politics/republican-debate-transcript-full-text/>.

<sup>3</sup> SSA, “Disabled worker beneficiaries in current payment status at the end of December 2016, distributed by age and sex,” [https://www.ssa.gov/OACT/ProgData/benefits/da\\_age201612.html](https://www.ssa.gov/OACT/ProgData/benefits/da_age201612.html).

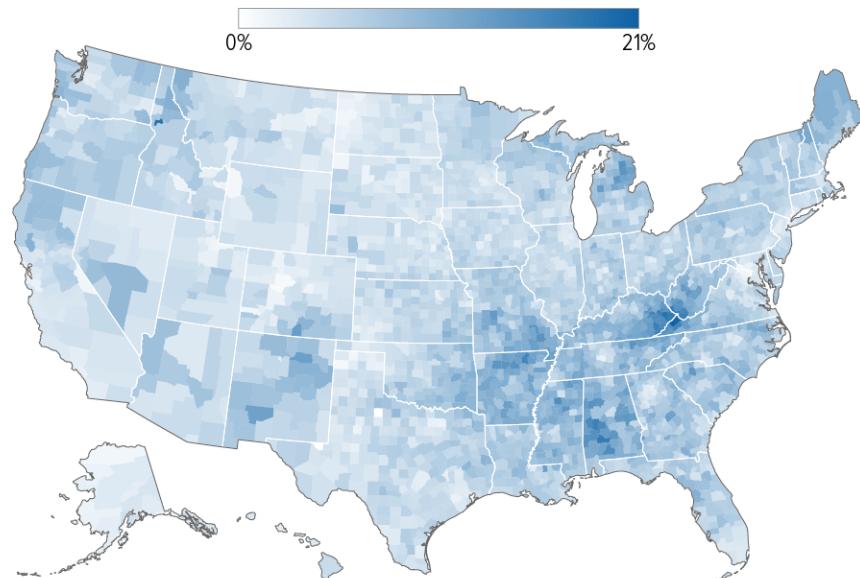
<sup>4</sup> Kathy A. Ruffing, *Geographic Pattern of Disability Receipt Largely Reflects Economic and Demographic Factors: Disability Benefits Especially Important in South and Appalachia*, Center on Budget and Policy Priorities, January 9, 2015, <http://www.cbpp.org/research/geographic-pattern-of-disability-receipt-largely-reflects-economic-and-demographic-factors>.

<sup>5</sup> Center on Budget and Policy Priorities, *Chart Book: Social Security Disability Insurance*, Part I: “Why Is Social Security Disability Insurance Important?,” updated August 23, 2016, [http://www.cbpp.org/research/social-security/chart-book-social-security-disability-insurance#Section\\_one](http://www.cbpp.org/research/social-security/chart-book-social-security-disability-insurance#Section_one).

FIGURE 1

## Social Security Disability Insurance Beneficiaries Most Likely to Live in the South, Appalachia, or the Great Lakes

Percentage of disabled workers by county, 2015



Note: Number of disabled workers as a percentage of residents age 21-65  
Source: Social Security Administration, Census Bureau

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## DI Enrollment Declining, Not Rising

The number of DI beneficiaries grew over most the program's history, mostly because of demographic factors that were well understood and largely foreseen.<sup>6</sup> The U.S. population increased. The baby boom (the large generation born between 1946 and 1964) aged into late middle age, when the odds of becoming disabled rise sharply. More women paid into Social Security and earned coverage through their rising workforce participation. Meanwhile, the rise in Social Security's retirement age meant that workers who become disabled remain in SSDI for longer before switching into retirement benefits.

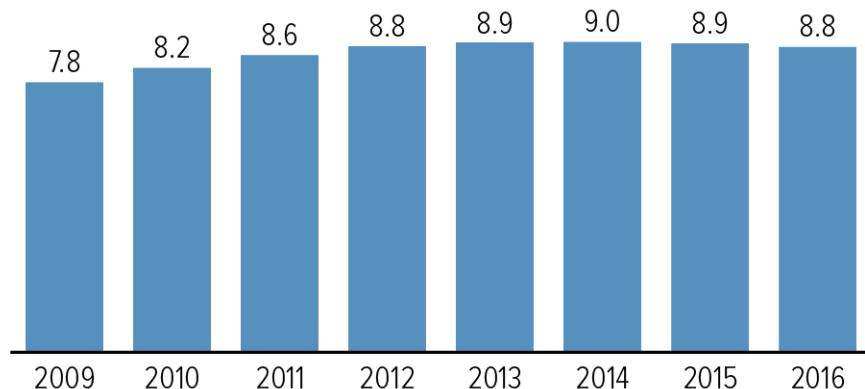
<sup>6</sup> Kathy Ruffing, "New Research: Demographics Explains Most of Disability Rolls' Growth," Center on Budget and Policy Priorities, June 3, 2015, <http://www.cbpp.org/blog/new-research-demographics-explains-most-of-disability-rolls-growth>.

More recently, the number of SSDI beneficiaries has *shrunk* — contrary to Mulvaney’s claim. (See Figure 2.) Starting in 2015, SSDI enrollment began to decline.<sup>7</sup> The number of disabled-worker beneficiaries has fallen by 150,000 over the past two years, as demographic pressures on the program have eased — for example, the baby boom has shifted to its peak retirement years. SSA’s actuaries expect the share of working-age Americans receiving SSDI to remain flat during the next 20 years.<sup>8</sup> Meanwhile, Social Security’s retirement program has grown steadily as the baby boomers age into their retirement years — Mulvaney got it exactly backwards.<sup>9</sup>

FIGURE 2

### **SSDI Enrollment Growth Slowed, then Fell, Under President Obama**

Beneficiaries (disabled workers), in millions



Note: Does not include dependents, but the trend lines of their enrollment closely mirror those of disabled workers. SSDI = Social Security Disability Insurance

Source: Social Security Administration

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### **SSDI Has Stringent Standards with Many Safeguards Against Waste**

SSDI’s most potent defense against waste is its stringent eligibility rules. By law, SSDI requires a solid work history, a severe and long-lasting impairment that prevents self-supporting work and is documented by medical evidence, and a five-month waiting period. These standards are among the

<sup>7</sup> SSA, *Monthly Statistical Snapshot*, [https://www.ssa.gov/policy/docs/quickfacts/stat\\_snapshot/](https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/).

<sup>8</sup> SSA, *The 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 2016, Table V.C5, <https://www.ssa.gov/OACT/TR/2016/lr5c5.html>. The Congressional Budget Office projects similar figures; see <https://www.cbo.gov/sites/default/files/recurringdata/51307-2017-01-ssdi.pdf>. While the percent of eligible workers receiving DI is expected to remain stable, the number is expected to rise starting in 2021, after Social Security’s retirement age rises from 66 to 67 for those who reach 62 in 2017 and later.

<sup>9</sup> SSA, *Benefits Paid by Type of Beneficiary*, <https://www.ssa.gov/OACT/ProgData/icp.html>.

toughest among developed countries.<sup>10</sup> Fewer than 4 in 10 SSDI applicants are ultimately awarded benefits.<sup>11</sup>

SSDI beneficiaries meet these high standards. They have extensive work histories: a typical beneficiary worked for 22 years and earned middle-class wages before becoming disabled.<sup>12</sup> They have poor health: mortality among the older SSDI beneficiaries who dominate enrollment is three to six times the average for their peers.<sup>13</sup> And they have extremely limited work capacity: for example, one careful study found that only one-fifth of beneficiaries aged 45 to 64 — and only about half of rejected applicants — had any earnings two years after application, and even fewer had significant earnings. In contrast, healthy workers of the same age — those who didn't apply for SSDI benefits — were likely to work and had substantial earnings.<sup>14</sup>

SSDI maintains high levels of program integrity and has many safeguards against fraud and abuse.<sup>15</sup> SSA consistently monitors award decisions by the states' Disability Determination Services and its own administrative law judges. Many of these reviews are conducted before any benefits are paid, thus ensuring that SSA keeps errors as low as possible. After beneficiaries become eligible, SSA routinely conducts reviews to ensure they remain medically eligible. SSA and its Office of Inspector General, along with law enforcement partners, also attack the rare cases of outright fraud, in which applicants or beneficiaries deliberately falsify information to get or keep undeserved benefits. DI overpayments average less than 1 percent of spending, and SSA works hard to recover improper payments.

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<sup>10</sup> Kathy A. Ruffing, "U.S. Disability Benefits Modest by International Standards," Center on Budget and Policy Priorities, November 1, 2016, <http://www.cbpp.org/blog/us-disability-benefits-modest-by-international-standards>.

<sup>11</sup> SSA, *Annual Statistical Report on the Social Security Disability Insurance Program*, 2014, [https://www.ssa.gov/policy/docs/statcomps/di\\_asr/2014/sect04.html](https://www.ssa.gov/policy/docs/statcomps/di_asr/2014/sect04.html).

<sup>12</sup> Kathleen Romig, "DI Beneficiaries Have Extensive Work Histories," Center on Budget and Policy Priorities, September 25, 2015, <http://www.cbpp.org/blog/di-beneficiaries-have-extensive-work-histories>.

<sup>13</sup> Kathy Ruffing, "No Surprise: Disability Beneficiaries Experience High Death Rates," Center on Budget and Policy Priorities, April 4, 2013, <http://www.cbpp.org/blog/no-surprise-disability-beneficiaries-experience-high-death-rates>.

<sup>14</sup> Paul Van de Water, "Few Disability Insurance Beneficiaries Could Support Themselves by Working," Center on Budget and Policy Priorities, March 9, 2015, <http://www.cbpp.org/blog/few-disability-insurance-beneficiaries-could-support-themselves-by-working>.

<sup>15</sup> Kathy A. Ruffing, "Disability Insurance Has Many Safeguards Against Fraud and Abuse," Center on Budget and Policy Priorities, September 21, 2015, <http://www.cbpp.org/blog/disability-insurance-has-many-safeguards-against-fraud-and-abuse>.