

Impact of Increases in State Unemployment Rates on the Social Security Administration's Disability Programs

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Objective

To evaluate the impact increases in State unemployment rates had on the Social Security Administration's (SSA) disability programs.

Background

SSA has recently experienced a significant increase in initial applications for Title II and Title XVI disability benefits. In addition, the unemployment rate in the United States has increased substantially.

To review the impact of the most recent increases in unemployment rates on Title II and Title XVI disability applications, we identified the 10 States with the highest percentage increases in unemployment rates from Calendar Years (CY) 2007 to 2011. We analyzed Title II and Title XVI disability applications and allowance rates as well as other aspects of SSA's disability programs nationally and in Alabama, Arizona, California, Colorado, Florida, Hawaii, Idaho, Nevada, North Carolina, and Utah to evaluate the impact of increases in unemployment rates. We limited our analysis to applications with an indication the claimant had a work history because we believed these claimants would be most affected by changes in unemployment rates.

Our Findings

As unemployment rates increased, the number of disability applications for claimants with a work history also increased. Specifically, from CYs 2007 to 2011, the number of Title II and Title XVI disability applications for claimants with a work history increased 27 percent nationally. At the same time, allowance rates for these applications declined.

- In CY 2011, Title II and Title XVI disability claimants were waiting longer after stopping work to file for disability than they were waiting in CY 2007. This trend was consistent in the 10 States with the highest increases in unemployment rates from CYs 2007 to 2011.
- The costs for processing Title II and Title XVI disability applications for claimants with a work history increased more than \$26 million between CYs 2007 and 2011. Costs also increased in all 10 States with the highest increases in unemployment rates from CYs 2007 to 2011.
- Other factors, such as the aging of the baby-boomer population, increases in the size of the labor force, and changes in Federal disability policy also contributed to increases in the number of disability applications. However, identifying the effect of these and any other factors on increases in Title II and Title XVI disability applications was beyond the scope of this review.

Finally, according to SSA's reports, the number of Title II disabled worker beneficiaries increased by 21 percent from CYs 2007 to 2011. Additionally, the number of Title XVI recipients aged 18 to 64 increased 13 percent from CYs 2007 to 2011.