



Social Security Advisory Board

Henry J. Aaron, Chair
Lanhee J. Chen
Bernadette Franks-Ongoy
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Board Meeting Minutes June 30, 2017

Location:

400 Virginia Avenue SW, Suite 625
Washington, D.C. 20024

Time:

10:00 am – 3:45 pm

SSAB Members:

Henry Aaron, Chair
Lanhee Chen
Bernadette Franks-Ongoy (video)
Jagadeesh Gokhale
Barbara Kennelly
Kim Hildred

SSAB Staff:

Claire Green, Staff Director
Anita Grant, Senior Advisor
Jenn Rigger, Senior Advisor
David Warner, Senior Advisor
Joel Feinleib, Staff Economist
Caitlyn Tateishi, Management Analyst
Bethel Dejene, Management Analyst
Matthew Comey, Policy Analyst
Matthew Graves, Research Analyst
Conway Reinders, Policy Analyst
William Dede, National Academy of Social Insurance (NASI) Fellow
Meredith Yinger, NASI Fellow
Korey Johnson, Legal Fellow
Anna Memoli, Summer Fellow

Labor Force Panel Participant

Robert Moffitt, Krieger-Eisenhower Professor of Economics, Johns Hopkins University, Chair of the Technical Panel on Labor Force Participation

SSA Participants

Kevin M. Murphy, George J. Stigler Distinguished Service Professor of Economics, Department of Economics and Graduate School of Business, University of Chicago (joined by phone)

Stephen C. Goss, Chief Actuary, Office of the Chief Actuary

Karen Glenn, Deputy Chief Actuary for Long Range Estimates, Office of the Chief Actuary

Bonnie Kind, Associate Commissioner, Office of Budget

Patrick Perzan, Deputy Associate Commissioner, Office of Budget

The Board met with Mr. Robert Moffitt, Chair of the Technical Panel on Labor Force Participation. Mr. Kevin M. Murphy, a member of the Panel, joined by phone. Past technical panels have evaluated other aspects of the Social Security Administration's (SSA's) Office of the Chief Actuary (OCACT) models, but this Technical Panel examined only the Social Security actuaries' labor force participation (LFP) projection. LFP under the actuaries' model is determined by various factors, each of which is derived from underlying assumptions. Moffitt explained that the Panel had no objection to the structure of the model or the general approach, but it did have concerns about some underlying assumptions. Of particular concern to the Panel was OCACT's projection that the historical trend of a declining labor force participation rate (LFPR) for prime-age males would be partially reversed. A simple linear extrapolation from past trends would suggest a declining LFPR for prime-age males in the future. Murphy explained that the critical question is why the long-term historical forces underlying the decline in LFPR among young men would reverse. The panel does not see the basis for OCACT's projection that labor force participation will return to pre-recession levels. There are long-term forces driving down LFPR among prime-age men, and that trend may not have ended. The Panel therefore recommends that OCACT reduce the magnitude of the recovery in LFPR among prime-age men after the recession. Furthermore, LFPR has declined more among men with a high-school education or less than among those with more education. As OCACT's model does not currently have a model for education, the Panel recommends that the actuaries build in a model for education.

SSA's Chief Actuary, Mr. Stephen Goss, responded to Moffitt's presentation. The principle focus of OCACT is not short-term trends, but rather long-term trends, he explained. Historically, OCACT has been relatively successful predicting long-term trends. The actuaries do not see evidence for a permanent decline in LFPR among prime-age men. OCACT would like to better understand the Panel's reasons for believing that LFPR will not return to pre-recession levels. According to Goss, the real question is the question of demand: will there be sufficient demand for labor in the future? OCACT does not see a firm basis for permanently lowered demand for labor in the future. Although the Great Recession could have long-term permanent effects, it is too early to assume that it will do so. Goss acknowledged that the education effect identified by Moffitt is important, and agreed that OCACT has to do more to improve its projections with respect to education, but must be careful in doing so. It is important to look at education percentiles rather than level of education.

The Board met with Ms. Bonnie Kind, Mr. Erik Hansen, Ms. Lori Vandeventer - all from SSA's Office of Budget, Finance, Quality and Management, and Ms. Stephanie Hall, the acting Deputy Chief of Staff. Kind summarized the agency's 2018 budget request. Among the top priorities for SSA is to reduce or eliminate the disability hearings backlog (the goal is 14 percent). Other priorities will be to hire front-line staff, improve call center processes in order to route calls more quickly, and to make greater use of health information technology (HIT). The agency will also invest \$100 million in FY 2018 to support IT modernization. Finally, SSA is considering "hearings automation," which will reduce duplicate documents in the agency's system for managing DI claims.

Hansen provided an overview of current congressional proposals affecting Social Security. Among them are proposals to:

- Eliminate concurrent unemployment insurance and Social Security Disability Insurance (DI) benefits

- Use private commercial databases to identify ownership of property for the purpose of establishing Supplemental Security Income (SSI) eligibility
- Use federal data to identify people who leave the country and are no longer eligible for Social Security payments
- Share data from the Death Master File for law enforcement purposes
- Change the definition of “overpayment” to better recover funds
- Use demonstration projects to promote work in the DI program
- Put in place a sliding scale for multi-recipient SSI households
- Create a probationary period for administrative law judges.

I certify that the minutes written for the June 30, 2017 meeting of the Social Security Advisory Board are correct.

A handwritten signature in black ink that reads "Henry Aaron". The signature is written in a cursive, flowing style.

Henry J. Aaron