

# Research Roundtable SUMMARY

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**Social Security Advisory Board**  
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# Research Roundtable Summary:

## Participants' views on a long-range research agenda for the Social Security Administration

*Proceedings and additional comments*

August 4, 2017

### Introduction

One of the Social Security Advisory Board's (the board's) legislatively-mandated functions is "[to make] recommendations with respect to a long-range research and program evaluation plan for the Administration [SSA]." The board fulfills this responsibility by issuing reports on the state of SSA's research and policy development, and it continues to periodically provide suggestions on research topics.<sup>1</sup> Since the late nineties, SSA has reorganized its research functions a number of times and the Office of Research, Evaluation and Statistics (ORES) has established an extensive extramural research program that many observers and stakeholders deem to be highly productive. This program funds research centers that, in turn, support studies on the Social Security program by academic experts throughout the United States. Over the same period, however, the number of ORES staff who conduct the agency's research program, compile and report program statistics and develop data has steadily declined.

The board is undertaking a new evaluation in recognition of the changes that have occurred since its previous reporting on the state of research at SSA. As part of that evaluation, the board will develop recommendations for how SSA can strengthen its research, evaluation and statistics functions.

One part of the board's review studies how ORES formulates long-range priorities for intramural and extramural research. What areas of knowledge need to be developed further to assist policymakers in protecting the economic security of workers and their

families in retirement, upon disability or upon the death of the worker? What information will help the American people better understand the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI) programs? How can SSA in conjunction with other government agencies and the outside research community improve the quality and availability of data used to answer the most important research questions?

Currently, ORES sets out a broad range of topics that the retirement and disability research consortia should prioritize during their five-year funding cycle.<sup>2</sup> Projects are supported on an annual basis, however, so ORES issues more timely annual priority topic memos to the centers outlining the agency's areas of interest. Currently, SSA's decision-making process on research priorities is opaque and not well understood outside the agency, although ORES has in the past consulted with the board and other stakeholders regarding these efforts. The process for defining long-range priorities for internal research and data development efforts is similarly non-transparent.

The board believes ORES will benefit from a regular and more open process whereby outside experts and stakeholders suggest future priorities for SSA's internal and external research. In discussions with the board, ORES leadership expressed an interest in gathering outside input on a long-range agenda that would apply to both its intramural and extramural research programs. The board is encouraged that ORES leadership appreciates the value of an open process to solicit external advice on their long-run research agenda.

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1 Forum on a Long-Range Research and Program Evaluation Plan for the Social Security Administration, June 24, 1997: [Proceedings and Additional Comments](#) (June 1997); [Developing Social Security Policy: How the Social Security Administration Can Provide Greater Policy Leadership](#), (March 1997); [Strengthening Social Security Research: The Responsibilities of the Social Security Administration](#), (January 1998)

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2 Currently, SSA supports through five-year cooperative agreements three Retirement Research Centers at Boston College, the University of Michigan, and the National Bureau of Economic Research (NBER) and two Disability Research Centers at NBER and Mathematica Policy Research.

The board is also encouraged by ORES leadership's interest in a long-range plan. An effective research program that creates new data sources, improves existing datasets and produces reliable, policy relevant insights often takes years to complete. A long-range plan would provide guidance for how the agency should invest in expertise, data development, analytical tools and new research methods. It would also help outside scholars align their own research interests with SSA's priorities and funding preferences.

As a step toward the goal of having outside experts and stakeholders provide input on long-range priorities, the board held a roundtable discussion in Washington, DC on August 4<sup>th</sup>, 2017 with a select group of invited social security scholars. The participants were: Peter Brady, Sylvester Schieber, Howard Iams, L. Scott Muller, Melissa Favreault, Paul Van de Water, Kathleen Mullen, Annamaria Lusardi, and Julie Topoleski. The board received additional suggestions in writing from Olivia Mitchell, Eugene Steuerle, Gary Burtless, Nicole Maestas, Ron Lee, Alan Gustman, Eric French, Gopi Shah Goda, Mark Duggan, John Laitner, Romina Boccia, Rachel Greszler, Courtney Coile, Kathleen Romig and David Stapleton.

The participants were asked to suggest ideas for SSA's long-range research agenda and to discuss the data needs they think are required to carry out that agenda. What follows is a summary of the suggestions put forward by our invited roundtable scholars and those who later submitted written suggestions. The points made in this report do not necessarily reflect or represent the views of individual board members. Moreover, the comments and suggestions should not be seen as exhaustive; many more researchers and other experts have important insights that may not be represented here.

Some of the topical themes most frequently addressed by participants include the need to better understand:

- ◆ how changing patterns of work, health, retirement, asset and debt accumulation and decumulation will affect the economic security of today's workers,
- ◆ the sources of economic security (e.g., social security benefits, work, retirement plans) and insecurity (e.g., debt, fraud, illness) in retirement,
- ◆ how SSA's communication with the public affects decision-making by workers, claimants and beneficiaries,
- ◆ how disabilities develop, how SSA determines eligibility for benefits and what conditions are

necessary for individuals to keep working or to return to work, and

- ◆ the recent downward trends in disability applications and awards—the reasons for it and implications for the future.

In addition to the above research topics, participants also emphasized the need for:

- ◆ investments in data infrastructure and greater access to and sharing of administrative data necessary to address key research questions,
- ◆ the continued development of models that could improve the accuracy of estimates of the effects of policy changes, including models to simulate the effects of disability policy changes and
- ◆ the evaluation of policy alternatives, including demonstration projects to test disability policies.

# Participants' views on a long-range research agenda for the Social Security Administration

## ► 1. Data access, sharing and development

### *The importance of administrative data*

There was widespread support among roundtable participants and subsequent contributors that SSA's administrative data are critically important to current and future research related to Social Security programs, retirement security and disability.

Sylvester Schieber and Howard Iams pointed out, by example, that survey data on income and assets are underreported; using administrative data from SSA and other agencies including the Internal Revenue Service (IRS) and the Census is necessary to get an accurate picture of the economic resources of retirees. Melissa Favreault, Iams and Paul Van de Water emphasized that microsimulation models used to project the distributional effects of policy changes rely heavily on survey data linked to administrative records. Favreault noted that her research relies heavily on matched data available inside SSA's enclave, but also on publicly accessible SSA data including those published in the Annual Statistical Supplement.

John Laitner praised SSA's past leadership in linking administrative records to survey data such as matching lifetime earnings record data to the Health and Retirement Survey (HRS) and the Survey on Income and Program Participation. Courtney Coile noted that it is difficult to isolate the Old-Age, Survivors, and Disability Insurance (OASDI) and SSI programs' impact because the programs are essentially the same for everyone,

unlike programs that can vary from state to state like unemployment insurance. Some of the best work on these programs, she said, has made use of SSA's rich administrative data in clever ways to surmount this challenge.

Peter Brady warned that administrative data are not always complete. He described the example of the retirement plan checkbox on W-2 forms. The data traditionally have not been collected by SSA because they were not operationally important, and thus would not be available to those using SSA data for statistical purposes. As a result, analyses using SSA data have focused on workers who contribute to defined contribution (DC) plans, but have not been able to identify other workers who are active participants in retirement plans—such as workers who participated in defined benefit (DB) plans or workers whose employers contributed to DC plans on their behalf. This is an important distinction, as IRS tabulations of W-2 data show that about one-quarter of active participants do not make an employee contribution to a DC plan. He also cautioned that administrative data can be difficult to analyze without considerable prior experience working with the data. It is important to have willing and able partners inside the agency that is providing the data who are likely to have that experience.

### *Easier access to data*

Numerous contributors noted the value of making it easier for non-SSA researchers to access SSA data and link it to other government databases as needed. Laitner wrote that resources to help scholars to access data should be augmented, and that SSA itself should

### ► SELECTED ABBREVIATIONS

<b>ACA</b>	Affordable Care Act	<b>NBER</b>	National Bureau of Economic Research
<b>ALJ</b>	Administrative Law Judge	<b>OASDI</b>	Old-Age, Survivors and Disability Insurance
<b>CBO</b>	Congressional Budget Office	<b>OASI</b>	Old-Age and Survivors Insurance
<b>DB</b>	defined benefit	<b>ORES</b>	Office of Research, Evaluation and Statistics
<b>DC</b>	defined contribution	<b>PIA</b>	primary insurance amount
<b>DI</b>	Disability Insurance	<b>SSA</b>	Social Security Administration
<b>HRS</b>	Health and Retirement Survey	<b>SSI</b>	Supplemental Security Income
<b>IRS</b>	Internal Revenue Service	<b>VR</b>	Vocational Rehabilitation
<b>MINT</b>	Modeling Income in the Near Term	<b>WIOA</b>	Workforce Innovation and Opportunity Act

encourage the use of its administrative data resources on research projects. Eugene Steuerle added that cooperative agreements should be enhanced to better protect privacy and allow more outside researchers to work with those inside SSA. He added that sufficient resources and incentives should be provided for internal research staff to work cooperatively with external researchers without jeopardizing their own research production.

Mark Duggan suggested that a streamlined protocol for researchers be developed so they could bring special cohorts in for matching to lifetime earnings and program data for analysis. SSA's intramural and extramural research could benefit from such a protocol, he said. Similar procedures could be used to integrate additional SSA data like disability hearing requests, appeals or judge assignments.

Schieber said there was a need for a mechanism to give better access to key research data outside the sphere of the research consortia. Published research based on publicly accessible data is cheapest way for government to get results, he stated.

### *Linking administrative data sources*

There were numerous suggestions for improving the utility of SSA's administrative data by linking it to administrative records from other agencies. Steuerle recommended prioritizing the combination of longitudinal Social Security and Medicare records for research. This is crucial to understanding where these programs are headed, he said, and how the distribution of lifetime taxes and benefits was changing, for example, due to growing differentials in mortality by income. Steuerle and Favreault encouraged continued development of longitudinal data.

Duggan recommended that SSA's top priorities should include linkages to other federal data, including records from the Centers for Medicare and Medicaid Services, Department of Housing and Urban Development, Federal Student Aid, Veterans Affairs, and Department of Defense. He added that SSA should host their data in the Federal Statistical Research Data Center network. This would support greater research access and utilize the Census Bureau's linkage infrastructure. Favreault stated that learning across government about the utility of various administrative data sets would be valuable. Sharing or augmentation of files across government would make them more useful. For example, the Medicare Current Beneficiary Survey is an invaluable source for health spending information at the individual level, but its income and asset data could be improved. Health

spending data is challenging, she explained, and shifts to managed care exacerbate these challenges.

Gopi Shah Goda and Brady urged better integration between Social Security and tax data, but Brady noted there were significant legal restrictions on the use of IRS data that would have to be lifted before this could occur. Brady also noted that very little was known about the distribution of employer contributions to retirement plans because neither employer contributions to DC plans nor employees' accrual of DB plan benefits are reported on a worker's W-2 form.

Laitner suggested creating better links between the HRS and data on Medicaid-sponsored nursing home care and to data on to general Medicaid assistance for low-income retirees.

### *Data infrastructure*

Several contributors noted that resource constraints over an extended period of time have limited SSA's ability to maintain its data development and statistical systems. Scott Muller noted that the continued attrition of highly knowledgeable research staff within SSA has made processing some data difficult. Van de Water argued that providing sufficient resources to maintain and strengthen the core data systems at SSA was important. Kathleen Mullen noted that administrative data on the disability programs needed better documentation to be useful and that it was a labor-intensive task. Olivia Mitchell and Schieber noted that SSA had last updated its benefits and earnings public use file more than a decade ago and that more timely updates would be valuable. Laitner noted that investing in data infrastructure for future research seems vital, as modern research methodology increasingly combines rich models with large data sets. Schieber emphasized the need for mechanisms to improve the quality of current data.

Several contributors offered suggestions for improving data development.

Brady noted that, based on his experience working with tax data, raw administrative data typically require extensive processing or "cleaning"—removing duplicate records, reconciling amounts reported on multiple forms and transforming the data for analysis—before they can be analyzed. He noted that this process often involves making judgement calls and suggested researchers should both document how the data were processed and make their programming code available on an open-source basis. This would allow other researchers and

topic experts, such as tax lawyers, to either validate the code or suggest improvements.

Duggan urged SSA to digitize and classify text fields on applications and forms so that they could be used as structured data. There are ready partners in academia to support such work, he noted. Similarly, David Stapleton noted that machine learning tools can code open-ended answers to occupational questions on DI application forms into standard occupational classifications that could be useful for research purposes. SSA could systematically use machine learning tools to improve the usefulness of a great deal of information collected from applicants and beneficiaries.

Schieber noted that agencies collect data to operate their programs. Some people may think to use the data for research, but the people at the operational level do not. You have to start thinking about the types of questions that might be asked at the top of an organization, when you are constructing data at the bottom, he believes. It is a resource question, but more fundamentally it is a conceptual one.

Annamaria Lusardi noted that one problem with both administrative and survey data was that by the time it becomes available it is often old. Researchers should investigate ways to look at more real-time data, including looking at online data collection methods.

## ► 2. Developing models for policy analysis and evaluation

### *Microsimulation*

Several contributors who work on or with microsimulation models to analyze the distributional outcomes of Social Security policy changes recommended that SSA continue to support their development. Steuerle offered that microsimulation was the only way to evaluate some policy options such as how spousal and survivor benefits will play out over time. Iams and Van de Water noted that matching data between surveys and administrative records is vital to microsimulation models.

Schieber warned that in many areas (e.g., in variation of Medicaid rules and disinvestment of assets) fundamental research still needs to be done before useful simulations can be built. Brady noted that administrative data on asset holdings are very hard to come by, and the ability to create a good simulation depends on having good data to start with. Iams stated that a disability

policy simulation would be very difficult due to the complexity of the policy.

Mitchell recommended SSA should undertake or sponsor better analyses of overall retirement income adequacy, taking into account taxes as well as benefits. The Modeling Income in the Near Term (MINT) model overcame the shortcomings of various household survey datasets, but the model's analysis of income adequacy is rudimentary. Julie Topoleski noted that the Congressional Budget Office (CBO) is exploring useful ways to characterize the uncertainty in their microsimulation model's projections.

### *Structural models*

Alan Gustman recommended SSA support and develop structural models to evaluate the distributional, labor market and asset accumulation effects of new policies that will inevitably be adopted to restore balance to Social Security's financing. One structural model developed by Gustman and Thomas Steinmeier has already been made available to researchers through the Boston College Retirement Research Center.

Laitner added that structural models can provide "laboratories" for policy simulation exercises. A reduced-form analysis uses observations on a given policy to study the results of that policy. By contrast, a structural model, he explained, uses all available data to try to understand how households and other agents may respond to any changes, including policy changes that may not yet have been tried. Structural models can be used to simulate proposed new policies, providing insights ahead of implementation or, if a change has been recently initiated, of its likely long-term implications or unintended consequences. Both reduced form and structural analyses have important potential for helping policymakers, he stated, but structural models are more elaborate and require more lead time.

## ► 3. Retirement security

One of the main purposes of Social Security is to provide assured basic income during retirement. Contributors agreed that there is a considerable amount yet to be learned about how retirement income adequacy is measured, what the risks to retirement security are, and how future cohorts will fare.

## *Measuring retirement income*

Schieber stressed the importance of having high quality information on the economic status of the elderly and society. He noted that certain aspects of the retirement income portfolio—namely income from private retirement plans—have not been well accounted for in commonly used data. In a recent paper, Census Bureau researchers Adam Bee and Joshua Mitchell, document the gap between traditional measures of retirement income and the authors’ more complete accounting using administrative data from a variety of agencies and sources including Social Security, IRS, and Census.<sup>1</sup> Schieber noted that data to adequately address this issue, often from tax records, is highly sensitive and can’t simply be turned over to the public.

Mitchell recommended that SSA undertake or sponsor analyses about what should be included in measuring retirement income adequacy, and then apply those criteria to all the modeling work that it does.

Numerous contributors made the case that SSA should conduct and sponsor research that take a broad view of the retirement portfolio. Van de Water and Schieber agreed that if Social Security’s purpose is to provide economic security in old age, then researchers had to look at all sources of economic security. To make the point, Favreault recommended more study of the role of out-of-pocket medical costs in health and retirement security. Government data on health spending in managed care settings are hard to interpret, she said. It is hard to determine how much is being spent and on what. Access to state administrative data sources, especially Medicaid, varies from state to state.

Coile noted that while SSA may place a somewhat higher priority on those topics most closely related to its programs—for example, examining retirement and Social Security claiming decisions—it is also clearly important to understand how people make savings decisions, how they make use of their savings in retirement, and how changing demographic trends enhance or threaten financial security in retirement. While there is a lot of past work on these topics, she stated, continued work is important both because advances in theory and empirical techniques allow for higher-quality work and because some of the most important unanswered questions concern ongoing trends.

<sup>1</sup> “Do Older Americans Have More Income Than We Think?”, Bee, Adam and Joshua Mitchell (U.S. Census Bureau), SESHD Working Paper #2017-39, July 2017

## *Sources of retirement insecurity at older ages*

Lusardi noted that people are working longer but are shifting to more self-employment. Research should examine patterns of self-employment at older ages and the financial risks and outcomes that come with entrepreneurship later in life. Lusardi added that there was a need to understand more about the evolution of family balance sheets over time, and the management of debt carried into retirement. Wealth accumulation is about both managing resources and managing debt. In addition to the role of debt, Lusardi noted that relatively little is known about the asset decumulation phase of the life cycle. What do people do in later life? Do they annuitize? The elderly are increasingly at risk of financial fraud, at a stage in the life cycle where there is little recourse. Can we anticipate what types of risks are being faced depending on patterns of decumulation?

Mullen recommended that research ask how changes in the labor market, including the emergence of the “gig economy” and supports for older workers, affect the use of incentives to keep people in the workforce. What are the health effects of working longer?

## *Retirement security of working-age generations*

Lusardi noted that younger generations will experience their lifetimes in labor markets that are very different from the past because of an emphasis on more shorter-tenure jobs, a different system of retirement plans, and the frequency of starting one’s working career carrying significant student loan debt. What are the implications for retirement of these new patterns of working?

Mullen noted that recent research has focused on the declining well-being among certain segments of the middle-age population—white, middle aged, lower educated cohorts experiencing rising mortality rates, specifically “deaths of despair.” How will this cohort fare as they age? When will they retire? Claim benefits? What will their retirement income be (especially from pensions)? The major survey source on health and retirement, the HRS, starts at age 50, but many life outcomes may be determined before that age.

## *Health and retirement*

Laitner suggested additional study of the effect of health on economic behavior and inequality, of health care costs on post-retirement well-being, and of skill

obsolescence on labor supply and the labor force attachment of older workers.

Muller suggested a study on how health depreciates during retirement and how society can manage the care of the oldest old of the baby boom generation.

Eric French recommended further study on how health insurance policy and retirement policy interact. How will the Affordable Care Act (ACA) or subsequent reforms affect the labor supply and financial well-being of the elderly?

## ► 4. Communication and behavioral approaches

Several contributors noted the usefulness of supporting research into how SSA communicates with workers claimants, and beneficiaries. Goda recommended research to better understand how people make cognitive decisions related to retirement and disability programs and how information can be presented to them to be most helpful.

Coile noted that behavioral economics research has shown that the way in which information is presented can affect decision-making. She highlighted the importance of SSA's role in communicating with its customers through the ssa.gov website, the Social Security statement and face-to-face interactions with employees at field offices to help them understand their entitlements and choices. More research is needed to guide SSA in communicating with beneficiaries particularly with respect to the interactions between field office employees and claimants and beneficiaries. Past experimental studies have typically been conducted in a laboratory setting or using survey data, Coile noted, and suggested that it may be worth exploring the feasibility of field office-based experiments involving beneficiaries. The savings match experiment involving H&R Block could serve as one model for such a study. Mitchell also recommended SSA sponsor or facilitate the development and testing of field experiments evaluating various ways of presenting information to participants including how the retirement benefit claiming decision is framed for applicants.

Kathleen Romig and Laitner recommended continuing to study the role of the Social Security statement in household planning.

## ► 5. Disability

### *The disability determination process*

Muller recommended a research program to improve understanding of how SSA makes disability determinations. How do internal SSA factors such as policy changes, case development, and court rulings among other factors affect determinations? What differences exist across state disability determination services and across the levels of adjudication? Muller noted that the data and results of such studies are likely to be very sensitive and may have to be done internally.

Romig recommended analyzing the reasons for the growth in the disability appeals backlog. French suggested examining the reasons for the amount of dispersion in allowance rates across administrative law judges (ALJs).

Coile recommended research to evaluate potential changes to the disability award determination process that aim to produce faster and more uniform decisions.

Romina Boccia and Rachel Greszler suggested SSA should study which, if any, of the current vocational grid factors (age, education, work experience, and ability to speak English) are effective determinants of an individual's ability to perform any kind of work.

Stapleton commented that SSA could develop and test predictive tools to support disability adjudicators. There is already a great deal of data that can be used to predict the consequences of an important decision that must ultimately be made by a qualified human. Leading machine learning developers believe that in a matter of days, computers could be trained to make high-quality recommendations about initial allowances by "studying" past decisions and "learning" all the details of the SSA Program Operations Manual System.

### *Trends in incidence and prevalence of disability benefit receipt*

Mitchell recommended research to explain the reasons for the recent big decline in DI applications and approval rates. Among possible explanations, she suggested asking: "Has the labor market improved? Is the pool of likely-disabled workers tapped out due to high application rates during the recession? Have lower approval rates resulted from having more 'marginal' applicants during the recession? Has the agency made changes regarding ALJs that might have lowered approval rates?"

Coile suggested examining how the falling labor force participation rate for prime age men and rising health threats facing young and middle-age workers (e.g., due to the opioid epidemic and higher rates of obesity) may affect the size and composition of the DI rolls.

Stapleton suggested several lines of research designed to understand whether major changes in the economy and policy affect the flow of individuals into the disability program:

- ◆ Does the design of public health policy (ACA) affect disability program applicants and beneficiaries? If so, how?
- ◆ Does the business cycle affect DI applications and awards, and if so, how? According to Stapleton, it appears that many have a poor understanding of the dynamics of business cycle effects—systematically under-predicting the size and duration of growth in applications and awards and overestimating continued growth after the economy eventually recovers.
- ◆ Do structural changes in the labor market affect DI applications and awards, and if so, how? Stapleton explained that in the past workers were more likely to form a long-term attachment to a single employer rather than shorter spells with multiple employers. More frequent job turnover means there are more opportunities for workers with medical problems to become detached from employers for non-medical reasons and to struggle to stay employed. It also poses major challenges to their efforts to obtain medical or other services that they may need in order to stay in the labor force. Another change in the labor market is the displacement of certain types of jobs because of advances in information technologies. Displaced workers with medical conditions may be exiting the labor force rather than seeking other employment.

### *Pathways into disability and return to work*

Mullen and Nicole Maestas noted that several policy proposals for the DI program seek to create incentives for employers to prevent or forestall disability (for example through mandatory provision of private disability insurance, or experience rating employers based on the DI incidence rate of employees). These policies rely on risk pooling to keep premiums manageable, but labor market fissuring—the concentration of low-wage workers in separate firms from high-wage workers—may make it impossible to implement anything akin to experience rating because the risk would be heavily

concentrated in certain firms and thus the benefits of risk pooling would break down. There is hardly any research, they note, on the incidence of disability claiming by former firm (or industry/occupation). How many disability applicants come directly from employment, and how many have been separated from employment well before the decision to apply? Are disability prone low-wage workers concentrated in certain firms? This line of research would require SSA to develop its administrative data to allow researchers to identify individual firms.

French recommended examining the labor supply effects of the DI program. Coile recommended focusing more attention on understanding what leads people to apply for DI and how one might encourage employers to support employees and help them stay on the job as disability is developing. Romig recommended cataloging what works and doesn't work in helping people with disabilities stay at work or return to work, *before* they may apply for program benefits.

Stapleton suggested research into how the Workforce Innovation and Opportunity Act (WIOA) affects young SSI recipients. To what extent do SSI youth receive pre-employment transition services, as defined in WIOA? To what extent do pre-employment transition services affect SSI youth outcomes including employment, high school completion, postsecondary training and education and SSI benefit receipt? What is the impact of WIOA provisions on: access to employment services by individuals with disabilities and Social Security beneficiaries, applications to SSI by transition-age youth, employment of people with intellectual disabilities and age-18 redetermination outcomes?

## ► 6. Program measurement

Contributors recommended various ways to present data on or analyze the trends in the operation of the Social Security programs.

Brady recommended reporting more data by birth year cohort to facilitate comparison between claiming decisions and longevity.

Gary Burtless recommended analyzing trends for successive birth cohorts in the onset and expiration of different benefits as well as numbers and type of dependents. For each birth cohort, the results would be analyzed by the beneficiary's percentile rank in the earnings distribution at various ages (e.g., through age 40, age 50 and age 61). Trends in the onset and expiration of benefits for different types of benefits

(survivors, disability, old-age, as well as dependents' benefits) should be analyzed.

Ron Lee recommended studying how the progressivity and/or regressivity of Social Security benefits are affected by trends in mortality differences by socioeconomic status.

Romig recommended a rigorous analysis of who the elderly poor are. Do they qualify for Social Security? Do they qualify for SSI?

Mitchell made a number of recommendations to provide additional descriptive measures of the program. First, for the improvement of distributional analyses, SSA should conduct/sponsor more analysis of benefit payments using administrative benefits data rather than using information on "stylized" workers. Second, SSA should also produce/sponsor updated analyses of whether Social Security's actuarial adjustments for early and delayed retirement are still actuarially neutral, or would need to be revised to remain so. Also, how would the adjustment have to change if additional payroll tax contributions made during the period during which claiming is delayed are included in the calculation? Third, SSA should conduct/sponsor analysis of benefits and taxes using administrative (i.e., actual) data at the household level rather than focusing on individuals to ensure that the analysis includes all relevant benefits (including dual-eligible and spouse/widow-only benefits).

Fourth, money's worth measures, including those in the trustees' report, should take account of the tax burdens of general revenue flows into the trust funds. Last, "SSA should undertake/sponsor research on whether Social Security's investment mechanism is neutral with respect to transactions between the trust funds and the general fund. The trust funds earn interest at a rate equal to the market average of government securities with durations of four years or more, but the trust funds have the power to call in those payments at any time. Several questions are in need of examination including: how have the interest credits earned by the trust funds compared to the interest saved by the federal government as a result of past Social Security tax surpluses? Has one fund effectively been subsidized at the expense of the other, or has it all come out in the wash?"

Steuerle recommended routinely reporting lifetime taxes and benefits from Social Security. To better capture the concept of aging over time, he also recommended reporting the share of the population over time that has the same specified average life expectancy and the share of the population in some last percentage of life. He also noted that many studies present the cost of

health-related expenses in retirement as a percentage of retiree income. Studies should also measure the total cost of supporting retirement and health programs for workers/taxpayers including the cost of their own retirement and health insurance (including the effect on their cash condensation), as well as tax contributions to the retirement and health care of current retirees.

## ► 7. Economic and demographic trends underlying Social Security finances

Topoleski described how the CBO makes long-term projections of Social Security finances and distributional outcomes based on a microsimulation model. In order to best inform those projections, the following issues are on CBO's research agenda: (1) the effects of differential mortality by income; (2) modeling marital trends and childbearing and examining how family formation affects policy outcomes; (3) explaining the poverty puzzle: why poverty rates have remained constant while income has been growing over time; (4) trends in earnings inequality and how they affect the share of earnings that are subject to payroll taxation; (5) projecting trends in disability incidence and making sense of the recent unexpectedly low incidence rates; (6) examining trends in benefit claiming as the full retirement age increases; and (7) examining labor force participation rates at older ages, including the lifetime implications for younger cohorts who have very low labor force participation rates.

CBO is also interested in how to model the behavioral feedback effects of changes in Social Security policy and useful ways to characterize the uncertainty of the projection model.

## ► 8. Evaluating policy alternatives

The policy researchers in ORES and the studies funded by SSA through the research consortia do not typically advocate for specific policy changes. SSA is often called upon, however, to analyze the effects of changes in policy. Several participants recommended that analyses should be done on several particular policy changes. Gustman expressed that he would like to see SSA continue to think ahead of the policy proposals so that evaluation does not have to be done ex-post, but instead research can be used to influence the design of new policies before they are implemented.

Mitchell recommended SSA conduct or sponsor research on the implications of revising the Social Security benefit formula so that benefits are modeled as accruing with each additional year of earnings, instead of being calculated as a function of the top 35 years. This would facilitate addressing questions such as: how would switching from a primary insurance amount (PIA)-based formula to a mini-PIA-based formula affect benefits for people with different earnings patterns? In particular, is there a way to do it so that it would not result in inequitable treatment of individuals receiving DI?

Goda recommended research to understand how longer lives influence the structure of social insurance programs. She suggested analyzing options to make retirement benefits financially sustainable—rather than ever increasing with life expectancy—while simultaneously addressing the needs of people who cannot work longer.

Lee recommended analyzing policies that may be proposed to compensate for trends in mortality difference by socioeconomic status.

Coile recommended SSA prepare for future policy recommendations to change the OASDI, and SSI programs by: (1) conducting empirical analyses of past changes to those programs; (2) developing structural models of retirement and saving behavior, which may be used to project the effect of future changes to these programs; and (3) evaluating the effect of reforms in other countries and generating insights into proposed changes by using variation in policies across countries.

French recommended examining the labor supply impacts of changing the earliest (currently age 62) and/or full retirement ages (currently moving from 66 to 67 by 2022). He also suggested analyzing the reasons for the waiting period between receiving DI benefits and Medicare benefits. Research could analyze the costs and benefits of eliminating or increasing waiting periods.

Romig suggested analyzing alternatives for reforming the government pension offset, as well as policy alternatives for bringing down the elderly poverty rate.

Boccia and Greszler recommended that SSA study how changes to the benefit formula that would target benefits more toward working Americans of modest means. They proposed SSA study the fiscal and distributional effects of various approaches, including “progressive price indexing,” bend-point and percentage factor adjustments of the PIA formula, and the provision of uniform flat benefits.

Boccia and Greszler also recommended that SSA analyze how eliminating the vocational grid rules for disability determination would affect qualification for DI or SSI benefits

## ► 9. Disability demonstration projects

With respect to the complexity of previous demonstration projects and the difficulty in operationalizing a real-world test of the effect of certain policy changes (e.g., a “two-for-one” benefit offset) would have on return to work, Muller suggested an alternative. Perhaps the best test, he said, is to estimate the maximum return-to-work response that could be obtained among DI beneficiaries by permanently removing all restrictions on work for a small sample of beneficiaries and observing their work efforts. If return to work is still small, he remarked, this would cast doubt on the effectiveness of any financial work incentive.

Mullen cautioned that more needs to be understood about what supports are necessary to allow people on DI to return to work even if they are released from work disincentives. Research should focus on what conditions are necessary to reveal the upper bound of beneficiary’s ability to return to work.

Boccia and Greszler suggested possible demonstration projects to test the effect of program changes, including:

- ◆ Incorporate private disability insurance as part of the DI system.
- ◆ Provide tax credits for employers offering private disability insurance covering the first years of benefits.
- ◆ Study the effects of SSA direct fee payment for claimant representatives on (1) the number of individuals applying for DI based on advertising aired by disability attorneys; (2) the quality of representation received by claimants; and (3) the impact on decision timelines. Test alternative approaches to ensure applicants have access to assistance with claims processing, including a flat fee payment structure and client payment instead of direct SSA payment of representative fees following services rendered.
- ◆ Study the elimination of SSI benefits for children and explore alternative ways of providing financial assistance to parents to cover any medical expenses due to a child’s disability that Medicaid or another

program does not currently cover. Explore the range of benefits available to parents of children no longer receiving SSI cash benefits and interactions between SSI and those programs, including Temporary Assistance to Needy Families, the earned income tax credit, food stamps, the Achieving a Better Life Experience Act (and other asset test waivers) and Medicaid.

Stapleton and his colleagues David Wittenburg, Gina Livermore, Jody Schimmel and Yonatan Ben-Shalom suggested a variety of demonstration projects:

- ◆ Test alternative methods of determining disability including actively testing the work capacity of some individuals. This could also be incorporated in tests of some of the ideas targeted at workers still in the labor force.
- ◆ Test interventions that target workers with work-threatening medical conditions while they are still in the labor force, before DI application. Such interventions would ideally provide supports to workers while they are still attached to an employer, which is typically long before they apply for DI. These tests would presumably require collaboration with other federal and state agencies, such as the U.S. Department of Labor and state vocational rehabilitation (VR) agencies. Cross-agency collaboration and data sharing are critical because SSA has a very limited ability to engage with workers before they apply for DI. Interventions might be implemented in the five states that have state temporary disability insurance programs. Other states could implement similar interventions through their workers' compensation, VR, workforce development and health and human services agencies.
- ◆ Test targeting a subset of new clients to mental health clinics who are not DI beneficiaries with evidenced-based treatments designed to help them stay in the labor force (for workers) or pursue productive careers (for young adults). Such a test could potentially include performance-based payments, with performance based on success in employment and diversion from DI/SSI entry. SSA could conduct such a test in collaboration with the Substance Abuse and Mental Health Services Administration or other federal agencies.
- ◆ Test a wage subsidy, structured like an earned income tax credit, as an alternative to the current DI benefit to improve employment and reduce reliance on benefits among applicants and new beneficiaries.
- ◆ Test new strategies for providing information to SSI recipients as they near the age-18 redetermination. SSA could test alternative strategies, such as repeated outreach (for example, multiple mailings) or alternative modes of outreach (for example, contacts through key stakeholders, such as VR agencies).
- ◆ Test changes to the benefit structure and processes for youth receiving SSI. Options in this area include eliminating provisions that require youth to report earnings to SSA and redetermination prior to age 18. In the latter case, SSA could implement a redetermination at age 16, on a test basis, then allow those denied at 16 to reapply after age 18. This would potentially allow these youth to have two years to prepare for adult life without SSI if they do not choose to reapply.
- ◆ Test the CareerACCESS model which was designed to replace the support system for SSI recipients from age 18 up to age 30 who are actively pursuing a career and the goal of economic independence by age 30. The idea is to invest more heavily in such youth over an extended period so that more will prosper on their own after age 30. The youth would have a career coach, responsible for helping to the youth establish and pursue a realistic career plan. The youth would also be eligible for a package of integrated health, vocational, and other human services, as well as an SSI-level stipend with offsets for earnings that start at a much higher level than under current law.
- ◆ Test Job Corps services for targeted youth with disabilities, including SSI recipients. SSA could work with the Department of Labor and state VR agencies to target Job Corps services to a subset of youth seeking VR services. Alternatively, SSA could consider options to target delivery of Job Corps to selected SSI applicants or recipients in the age range targeted by Job Corps, 16 to 24.
- ◆ Test early childhood interventions. Efforts to improve pre-school and very early school experiences of disadvantaged children, including those with disabilities, may have a much bigger social payoff than efforts that target the same group later in childhood or as a transition-age youth. SSA could look at recent developments in this area and consider how the agency can play a meaningful role in supporting such research.

## ► Other comments

Participants in the roundtable provided several other pertinent comments unrelated to specific research agenda items.

Lusardi said SSA's research agenda could be planned beyond just five years and that we should push them to be as visionary as possible.

Mullen suggested that the extramural research centers should investigate ways to fund projects over a longer period than one year since many research projects need several years to complete.

Van de Water commented that the extramural research centers have been productive. They mostly involve academics, however, and should do a better job of including others, such as consulting firms, in the research grant program.

Muller added that there is a need for greater interaction between internal SSA staff and external researchers with respect to administrative data usage and policy relevance and more thorough review of ongoing work by the extramural research centers.

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## Social Security Advisory Board

The Social Security Advisory Board (board) is a bipartisan, independent federal government agency established in the Social Security Independence and Program Improvements Act of 1994 to advise the president, the Congress and the Commissioner of Social Security on matters of policy and administration of the Old-Age, Survivors and Disability Insurance and the Supplemental Security Income programs. Members of the board are appointed by the president, the Senate and the House of Representatives.

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