

## **Social Security Disability Reform and Implications for Employment**

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### **Key Findings and Policy Implications**

This paper examines the impact of SSA policy initiatives that were designed to improve the quality and consistency of disability case reviews performed by Administrative Law Judges (ALJs). The policy initiatives included revised training curricula for ALJs, new decision-support tools, and direct feedback about common decision errors. The study uses multiple SSA administrative data sources, including the Case Processing and Management System, the Management Information Electronic Disability Folder, the Appointed Representative Data Base, the Modernized Claim System, the 831 files, the Summary Earnings Record, the Master Earnings File, and judge training and review records. The study finds that:

- There was substantial turnover in ALJs after 2007, when SSA established a new register of qualified ALJ candidates who had completed a new qualifying exam. The proportion of decisions made by incumbent judges—those hired before the start of the new register—declined from 100% in 2007 to 56% in 2011. The proportion of judges that received the policy compliant training (PCT), another aspect of the reform, increased from 0% in 2007 to 41% in 2011 to 98% in 2015.
- The turnover among judges with different training histories, combined with the implementation of policy compliant training, led to a significant decline in the hearing-level allowance rate, explaining 28-36 percent of the 22 percentage-point decline in the allowance rate between 2007 and 2015.
- Because the reforms reduced the SSDI allowance rate, we estimate that as the reforms played out, many denied claimants on the margin of allowance increased work activity. The increase in labor supply is large in the context of low average labor supply among SSDI applicants; however, the majority of applicants did not return to work and a substantial fraction of those who did work earned below SSA's measure of substantial gainful employment (SGA).

The findings demonstrate the substantial impact of these policy reforms, including the opening of the new ALJ register, the corresponding turnover in ALJs, and other training and policy initiatives. They are possibly the most important SSDI policy reforms of recent times..

The research reported herein was performed pursuant to grant RDR18000003 from the US Social Security Administration (SSA) funded as part of the Retirement and Disability Research Consortium. The opinions and conclusions expressed are solely those of the author(s) and do not represent the opinions or policy of SSA, any agency of the Federal Government, or NBER. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of the contents of this report. Reference herein to any specific commercial product, process or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply endorsement, recommendation or favoring by the United States Government or any agency thereof.