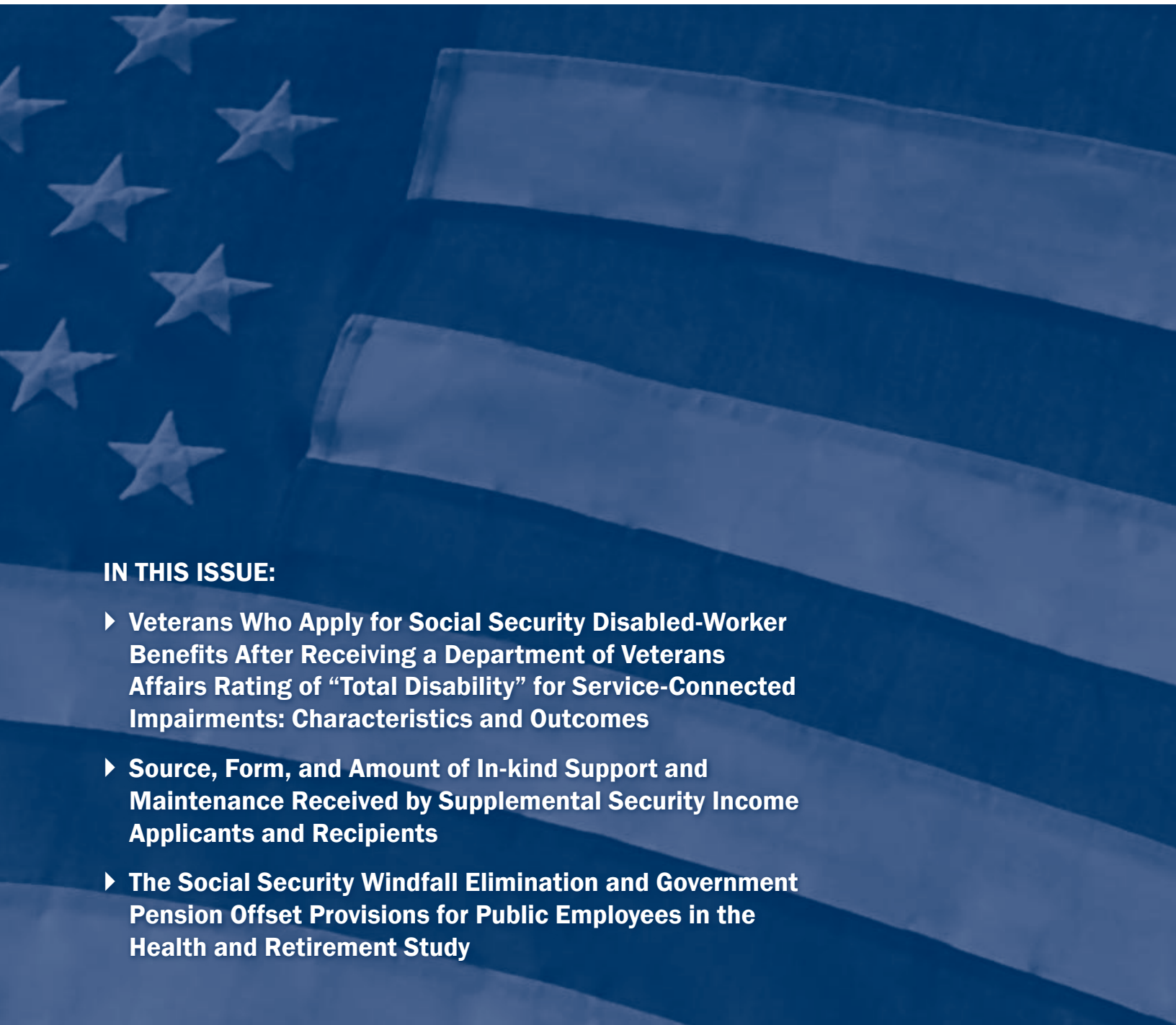
Social Security

Social Security Bulletin

Vol. 74, No. 3, 2014



IN THIS ISSUE:

The *Social Security Bulletin* (ISSN 1937-4666) is published quarterly by the Social Security Administration, 500 E Street, SW, 8th Floor, Washington, DC 20254-0001.

The *Bulletin* is prepared in the Office of Retirement and Disability Policy, Office of Research, Evaluation, and Statistics. Suggestions or comments concerning the *Bulletin* should be sent to the Office of Research, Evaluation, and Statistics at the above address. Comments may also be made by e-mail at ssb@ssa.gov.

Errata Policy: If errors that impair data interpretation are found after publication, corrections will be posted as errata on the web at http://www.socialsecurity.gov/policy/docs/ssb/v74n3/index.html.

SSA Publication No. 13-11700

Social Security Bulletin

Volume 74 • Number 3 • 2014

Articles

Perspectives

Veterans Who Apply for Social Security Disabled-Worker Benefits After Receiving a Department of Veterans Affairs Rating of "Total Disability" for Service-Connected Impairments: Characteristics and Outcomes

by L. Scott Muller, Nancy Early, and Justin Ronca*

This article examines the interactions between the Department of Veterans Affairs (VA) disability compensation program and the Social Security Disability Insurance (DI) program for veterans rated "totally disabled" by VA. We find that one-half of the veterans rated totally disabled during fiscal years 2000–2006 had already applied for DI benefits and over one-third had received them. Some veterans with VA total-disability ratings did not meet the Social Security Administration's disability standards because of differences in the two programs' purposes and disability criteria. Both programs tend to serve an older population, with more than two-thirds of VA total-disability awards going to Vietnam-era veterans older than age 50. We examine differences in the primary medical diagnoses for veterans with exposure to both programs and pay special attention to the diagnoses of posttraumatic stress disorder and traumatic brain injury.

Introduction

In recent years, policymakers have examined the interaction of two federal programs that provide benefits to military personnel with service-connected disabilities. In September 2009, the Government Accountability Office issued a report recommending that the Social Security Administration (SSA) increase its outreach and collaboration with the Department of Veterans Affairs (VA) to improve access to Social Security disability benefits for military personnel wounded since October 2001 in operations in Afghanistan and Iraq (GAO 2009). Also in 2009, both houses of Congress introduced legislation known as the BRAVE Act[1] that would certify veterans judged by the VA to have total disability (that is, having a combined rating of 100%[2] or a rating of individual unemployability [IU]) as meeting the medical requirements of the disability programs administered by SSA. Essentially, a veteran with a rating of total disability would not have to undergo the medical portions of SSA's disability determination to be eligible to receive Social Security disability benefits. The veteran would have to be insured for disability in order to qualify for Disability Insurance (DI) worker benefits and could not be engaged in substantial gainful activity (SGA).

Selected Abbreviations

ALJ	administrative law judge
DDS	disability determination service
DI	Disability Insurance
FRA	full retirement age
IU	individual unemployability
MC/WW	military casualty/wounded warrior

* *When this article was written, Scott Muller was an economist with the Office of Research, Evaluation, and Statistics (ORES), Office of Retirement and Disability Policy (ORDP), Social Security Administration (SSA). Nancy Early is a social insurance specialist with ORES, ORDP, SSA. Justin Ronca—formerly with ORES, ORDP, SSA—is the Director of Global People Analytics for Walmart, Inc.*

Selected Abbreviations—*Continued*

PTSD	posttraumatic stress disorder
SGA	substantial gainful activity
SGE	substantially gainful employment
SSA	Social Security Administration
SSI	Supplemental Security Income
VA	Department of Veterans Affairs

With a focus on DI, the research reported herein is part of SSA's work toward increasing coordination between the VA disability compensation program and SSA's disability programs. It is important to understand that DI and the VA disability program serve different purposes, have different definitions of disability, and may not integrate well. This article highlights the intent and provisions of each program, and then presents data on the historical interactions between them using matched administrative records from the two programs. It also examines the probable outcomes had the BRAVE Act been enacted.

VA Disability Compensation

The VA disability compensation program pays benefits to veterans who incur an injury or contract a disease that is service-connected—that is, the result of disability incurred in, presumptively related to, or aggravated by their military service. VA evaluates and rates each service-connected disability (injury or disease) with a percentage value from 0 to 100 according to a schedule established by regulation.[3] For veterans with more than one disabling condition, VA combines the individual ratings into a single combined rating and rounds it to the nearest 10%. Disabled veterans with a combined rating of 10% or greater are entitled to compensation in the form of a cash benefit. A single- or combined-impairment rating of 100% constitutes total-disability status. As the accompanying tabulation shows, higher disability ratings entitle recipients to greater benefit amounts.

Cash benefits are intended to compensate for the average wage loss for someone with a specific impairment, although benefits are paid regardless of whether the impairment actually causes earnings losses for the individual. Additional cash benefits may be paid to dependents (spouse and children). Special monthly compensation may be paid for disabilities creating a need for regular aid and attendance or rendering the veteran bedridden or housebound, or disabilities requiring adapted housing or grants for housing modifications and/or automobile or adaptive vehicle modifications. Special monthly compensation can also be paid for amputations and loss of use of extremities and other specific combinations of disabilities.

VA disability rating	2014 monthly compensation level ($)
10%	131
20%	259
30%	401
40%	578
50%	822
60%	1,041
70%	1,312
80%	1,526
90%	1,714
100%	2,858

SOURCE: VA (2013).

Generally, veterans who receive disability compensation cash benefits are free to work and are not limited in the amount of earnings they may receive, even when their single- or combined-impairment ratings are 100%. The one exception is for those veterans who are determined to be totally disabled because of IU. Generally, those individuals must have a combined rating of 60% or greater for a single impairment or, in the case of multiple impairments, a combined rating of 70% or greater (with at least one impairment rated 40% or higher), and they must be determined to be unemployable because of their service-connected disabilities. A determination of unemployability is based on the veteran's service-connected disabilities, disability rating, and certain factors that affect the ability to perform "substantially gainful employment" (SGE).[4] Those factors include work history, reason for termination, attempts at vocational rehabilitation services, and other factors that affect his or her ability to work.[5]

The IU rating entitles veterans to the same compensation level as a 100% rating. However, IU-rated veterans must report their earnings every 12 months.[6] After a veteran has had earnings for a period of 12 months, VA will review his or her IU rating. If the investigation shows that their earnings exceed the established earnings amount for SGE for 12 months, VA reevaluates the IU rating, which could result in the loss of total-disability status. If earnings are not found to be substantially gainful for 12 months, entitlement to the IU rating continues.

The VA disability rating is not necessarily permanent. If impairments worsen, a disabled veteran can request an increase in the disability rating. If maintaining significant employment becomes difficult, the veteran can seek IU status, which would increase the benefit level to that of a 100% rating. If impairments improve, VA may reduce the disability rating.

Initial disability determinations are made in VA regional offices. First-level appeals are also handled within the regional offices, where there is the potential for a de novo review and a hearing in front of another decision maker. At the second level, cases go before the Board of Veterans Appeals, where Veterans Law Judges (VLJs) provide a de novo review; claimants have the opportunity to appear in person or by videoconference. The Board's decision may be appealed to the U.S. Court of Appeals for Veterans Claims, an independent court that is not part of the VA. Further appeals may be filed with the U.S. Court of Appeals for the Federal Circuit and finally with the U.S. Supreme Court.[7]

Social Security Disability

SSA administers programs under Titles II and XVI of the Social Security Act: respectively, the Old-Age, Survivors, and Disability Insurance (OASDI) program and the Supplemental Security Income (SSI) program for the aged, blind, and disabled. The financing of the two programs differs fundamentally. Social Security disability benefits are funded through payroll contributions made by wage earners to the OASI and DI Trust Funds. SSI payments, funded through general taxes, are means-tested and support recipients with little or no work experience. The disability criteria used to adjudicate disability claims are also used in adult SSI disability determinations.

Social Security disability beneficiaries consist of disabled workers, disabled widow(er)s, and disabled adult children. Disabled-worker benefits are paid from the DI Trust Fund; disabled widow(er) benefits are paid from the Old Age and Survivors Insurance Trust Fund; and disabled adult children benefits can be paid from either trust fund, depending on the benefit status of the primary beneficiary. To be eligible for disabled-worker benefits, an individual must be insured for disability, which is based on the number of quarters of coverage the individual has earned in covered work and the recency of that work.[8] Disabled widow(er) and disabled adult children benefits are based on the earnings record of the worker on whom they were, or are, dependent.

A disabled veteran could theoretically qualify for DI benefits in any of those beneficiary categories, but because military service is covered employment, the veteran would most likely qualify as a disabled worker and receive benefits on his or her own earnings record. Likewise, a veteran could meet SSI's disability criteria, but the VA benefit payments for veterans rated 100% or IU exceed the SSI means test. For these reasons, this article focuses on the DI disabled-worker benefit.

To meet SSA's definition of disability, an individual must be unable to perform SGA because of an impairment that has lasted or can be expected to last 12 months or end in death. The SGA concept performs essentially the same function as SGE and, not surprisingly, uses a roughly equivalent earnings threshold: In 2011, VA defined SGE as $11,484 per year, and SSA defined SGA as $1,000 per month ($12,000 per year).

To apply for DI benefits, an individual files the disability claim online, via phone or mail, or in an SSA field office. A disability examiner makes the initial determination with the support of medical or psychological consultants, or both, in a state-run disability determination service (DDS). The DDS follows the 5-step sequential evaluation process shown in Box 1.

A claimant may request reconsideration of an unfavorable determination, in which case a different DDS examiner reviews the claim. The next level of appeal is a hearing in the Office of Disability Adjudication and Review with an administrative law judge (ALJ), a federal employee who works for SSA.[9] The hearing provides the claimant's first opportunity to appear before an adjudicator, either in person or by videoconference. Further appeals may be filed with the SSA Appeals Council, and then with the U.S. court system.

The DI benefit is intended to replace a portion of lost earnings and is paid only for a total disability; that is, unlike the VA program, DI does not account for levels of disability. The amount of the DI benefit is based on the individual's average indexed monthly earnings rather than on a benefit schedule, as in the VA program. The average monthly disabled-worker DI benefit was $1,068 in December 2010, but an individual's benefit could be much higher, depending on past earnings. Some dependents of disabled workers

Box 1.
SSA disability determination: The five-step sequential evaluation process

Step	Procedure
1	Is the individual engaged in SGA? If yes, deny. If no, continue to step 2.
2	Is there a medically determinable impairment (or combination of impairments) and is the impairment severe and expected to last 12 months or end in death? If no, deny. If yes, continue to step 3.
3	Does the impairment meet, or equal in severity, a medical listing? [a] If yes, allow. If no, continue to step 4.
	Medical-vocational considerations [b]
4	Can the individual do his/her past work? If yes, deny. If no, continue to step 5.
5	Can the individual do any other work? If yes, deny. If no, allow.

SOURCE: Adapted from SSA (n.d. b).

a. SSA's listing of impairments "describes, for each major body system, impairments considered severe enough to prevent an individual from doing any gainful activity" (SSA n.d. a).

b. These decisions involve comparing the individual's residual functional capacity to the requirements of the work and, at step 5, considering the impact of vocational factors such as age, education, and skills on the ability to adjust to other work.

may also qualify for DI benefits, to a maximum of 50 percent of the worker's benefit. DI beneficiaries can earn up to the SGA level without losing benefits. However, the program also provides work incentives that encourage beneficiaries to return to work and to ease the transition back to self-support. Examples of those incentives follow:

- A trial work period of 9 months (not necessarily consecutive), in which the individual can have any level of earnings without affecting eligibility for DI benefits.
- An extended period of eligibility, during which benefits are paid in full if earnings fall below the SGA level.
- An "easy back on" provision that permits a return to the DI rolls if the individual's original impairment results in an inability to continue working.

Coordination Between VA and SSA

VA and SSA are required by law to share the following types of information:[10]

- Medical evidence and hospital records.
- Disability determinations.
- Benefit receipt and payment amounts.

In processing a DI claim, a DDS requests the medical evidence it deems necessary from service providers. A DDS may request records from a VA regional office or a VA hospital. In 2010, SSA made an estimated 154,000 medical record requests to VA for over 100,000 claimants.

In turn, VA directs its medical-evidence requests to SSA at one of two centralized locations: the National Records Center, for information on claimants older than age 55; and the Operations Megacenter, for records of those aged 55 or younger. VA generally requests records by fax, but SSA has tested and is rolling out a process by which medical evidence is requested by and returned to VA through the Government Secure Online Messaging System.

Generally, both SSA and VA are required to consider the other agency's disability decision in making their own determinations, although neither agency's decision is binding on the other.[11]

SSA provides Social Security number verification, Social Security and SSI benefit status, and limited payment histories to the VA via its Federal Online Query system. VA provides beneficiary data to SSA through a data exchange agreement. SSA and VA use the benefit receipt and payment data as income verification for their respective means-tested programs (SSI and VA pensions).

SSA also identifies and expedites disability claims for individuals who qualify as military casualty/wounded warrior (MC/WW) cases. The MC/WW policy addresses service members who incurred an injury, illness, or wound (regardless of how or where it occurred) while on active duty on or after October 1,

2001. SSA identifies MC/WW cases using a weekly list of wounded warriors sent by the Department of Defense and by asking questions about military service in a claimant's disability interview (SSA 2012). Additionally, in March 2014, SSA initiated an expedited disability claim process for veterans with a VA disability rating of 100% permanent and total. However, that rating does not guarantee qualification for Social Security disability benefits; the veteran must still meet all SSA medical and technical eligibility criteria for disability benefits.

SSA and VA are working together to increase program coordination and to expedite decisions wherever possible. Different program purposes, definitions of disability, and disability criteria limit the extent to which coordination is possible. This article will show that having SSA adopt VA decisions of total disability, as proposed in the BRAVE Act, could result in medical allowances for individuals who would not otherwise meet the SSA standard and thereby substantially increase DI program costs.

The Data

SSA established a data linkage agreement with the VA in order to conduct this research. SSA received a VA data file for all service-connected disability compensation awards with a rating of either 100% (single-impairment or combined) or IU made during fiscal years 2000–2008. Because of limitations in the data for the later years, this research uses data for fiscal years 2000–2006 only.[12] The VA data included information about the disability rating, the impairments that were rated, and the date of award. All records reflected new awards of 100% or IU benefits, although many awardees were on the VA rolls in earlier years at lower ratings and their "new awards" represented a rating increase to the 100% or IU level.

SSA then matched those data with its own administrative records to develop a history of VA disability compensation and DI program interactions.[13] VA data were matched to SSA records in the Numerical Identification (Numident) file, to obtain dates of birth and death; in the Master Beneficiary Record, to obtain information on DI applications and benefit receipt; and in the Disability Research File, to obtain specifics about the disability decision, including SSA's diagnosis. The veterans we studied—those who received ratings of 100% or IU during fiscal years 2000–2006—may (or may not) have applied for DI at any time before or after their VA award, from DI program inception in 1956 until as recently as calendar year 2010, the latest year for which matching administrative records were available.

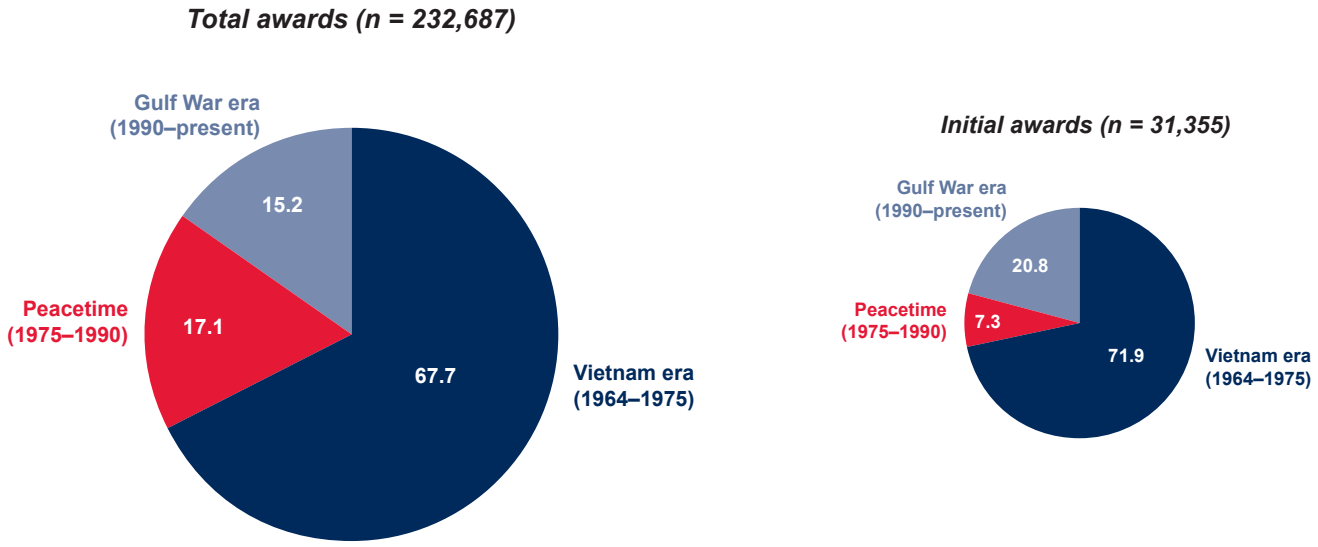
We excluded veterans aged 65 or older at the time of their VA award, as those individuals would generally not be eligible for DI benefits.[14] Nearly one-third of the VA total-disability awards during fiscal years 2000–2006 were to veterans aged 65 or older.

SSA and VA use different impairment classification systems. SSA uses approximately 170 impairment codes, which are derived from the International Classification of Diseases, Ninth Revision (ICD-9) coding system. SSA records indicate the primary impairment and, in some cases, a secondary impairment. The VA system has several thousand impairment codes, each of which can be included in developing the final composite rating for an individual. VA may rate an individual for any number of conditions, but the records provided to SSA were limited to six impairments. Comparing impairments across the programs was therefore imprecise and somewhat difficult.

Characteristics of VA Awards for Veterans Rated 100% or IU

Before we delved into the data, we expected to find that MC/WW service members—that is, those serving in the Afghanistan and Iraq conflicts—would dominate the count of VA disability compensation awards with 100% and IU ratings. However, the analysis revealed something quite different: More than two-thirds of the individuals awarded compensation based on VA ratings of 100% or IU during fiscal years 2000–2006 were Vietnam-era veterans (Chart 1). Veterans who served during the Gulf War era, which VA defines as including not only the Afghanistan and Iraq conflicts but also the 1990 Gulf War and the intervening period, accounted for only about one in seven awards.[15] Only 13 percent of awards based on ratings of 100% or IU represented the veteran's first VA benefit award. Within that group, Vietnam-era veterans constituted 72 percent of the awards and Gulf War-era veterans represented 21 percent. Progressive conditions and policy changes acknowledging the health effects of exposure to the herbicide Agent Orange likely contributed to the large share of initial VA awards for Vietnam-era veterans.

Chart 1.
Percentage distribution of veterans aged 18–64 awarded VA disability compensation on the basis of disability ratings of 100% or IU during fiscal years 2000–2006, by period of service



SOURCE: Authors' calculations using VA administrative records.

NOTES: VA defines "Vietnam era" as August 1964–April 1975 and "Gulf War era" as August 1990–present. Because periods refer to time and not location of service, the Gulf War era includes veterans of both Iraq wars and the Afghanistan war. All MC/WW cases are also included in the Gulf War-era service period.

A small number of cases coded for other service periods were excluded from this chart.

See Appendix Table A-1 for underlying data.

As one might expect, the predominance of Vietnam-era veterans among the awardees is reflected in the concentration of awards in older age groups (Chart 2). Claimants aged 50–64 represented 52 percent of awards based on ratings of 100% or IU. Less than 4 percent of awards based on those ratings went to individuals aged 18–34.

The age-group distribution of initial awards based on 100% or IU ratings generally resembles that for all such awards. We note, however, that the share of initial awards garnered by those aged 18–34 doubles their proportion of all awards (8 percent versus 4 percent).

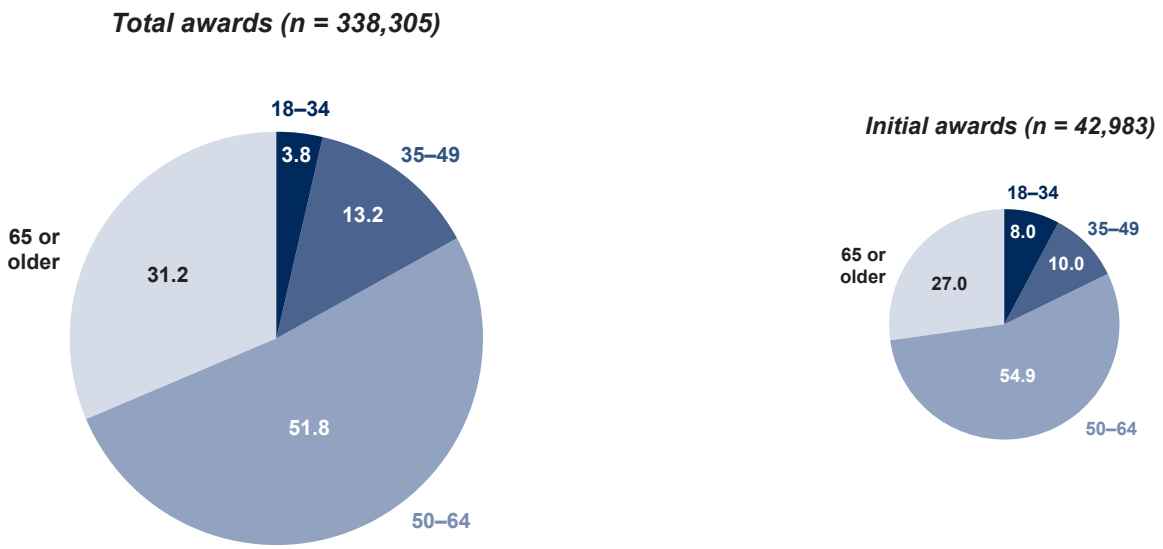
Timing of DI Application and Entitlement

Chart 3 shows that nearly three-quarters (73 percent) of the disabled veterans awarded a VA rating of 100% or IU also applied for DI benefits at some point. Within that group, about 70 percent had already filed their first DI application before they received their VA award, and the remaining 30 percent filed after they received their award. For 27 percent of the disabled veterans in our sample, we did not find evidence of filing DI benefit claims.

SSA records further show that 38 percent of the disabled veterans were already on the DI rolls when they received their 100% or IU ratings. It was not possible to determine whether, or to what extent, SSA's allowance of a DI application may have affected the subsequent VA rating.

Chart 4 shows, for each study year, the number of VA awards based on ratings of 100% or IU, the number of veterans who were entitled to DI benefits before their VA awards, and the number who filed DI applications after their VA awards. Relative to fiscal year 2000, the first year of the study, VA awards nearly doubled at their study-period peak in fiscal year 2003, then declined thereafter. Part of the spike may reflect new regulations that took effect in July 2001. Those regulations added type 2 diabetes to the list of impairments presumed to be service-connected and caused by exposure to Agent Orange. The number of veterans applying for DI after receiving a VA award of 100% or IU during the study period peaked in fiscal year 2004.

Chart 2.
Percentage distribution of veterans awarded VA disability compensation on the basis of disability ratings of 100% or IU during fiscal years 2000–2006, by age at VA award

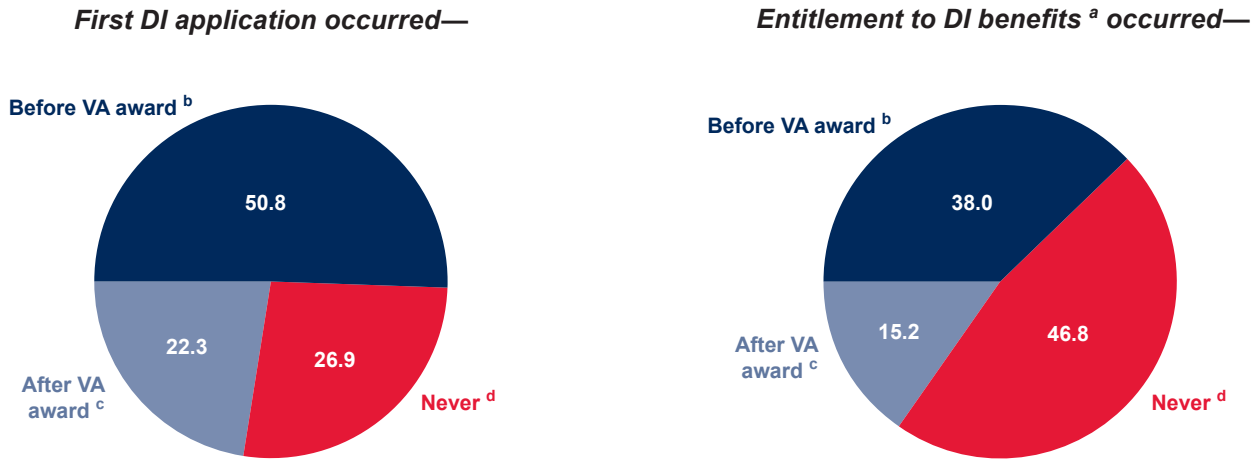


SOURCE: Authors' calculations using VA administrative records.

NOTES: Rounded components of percentage distributions do not necessarily sum to 100.0.

See Appendix Table A-2 for underlying data.

Chart 3.
Percentage distributions of veterans who received a VA disability compensation award based on ratings of 100% or IU during fiscal years 2000–2006, by timing of first DI application and entitlement to DI benefits



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

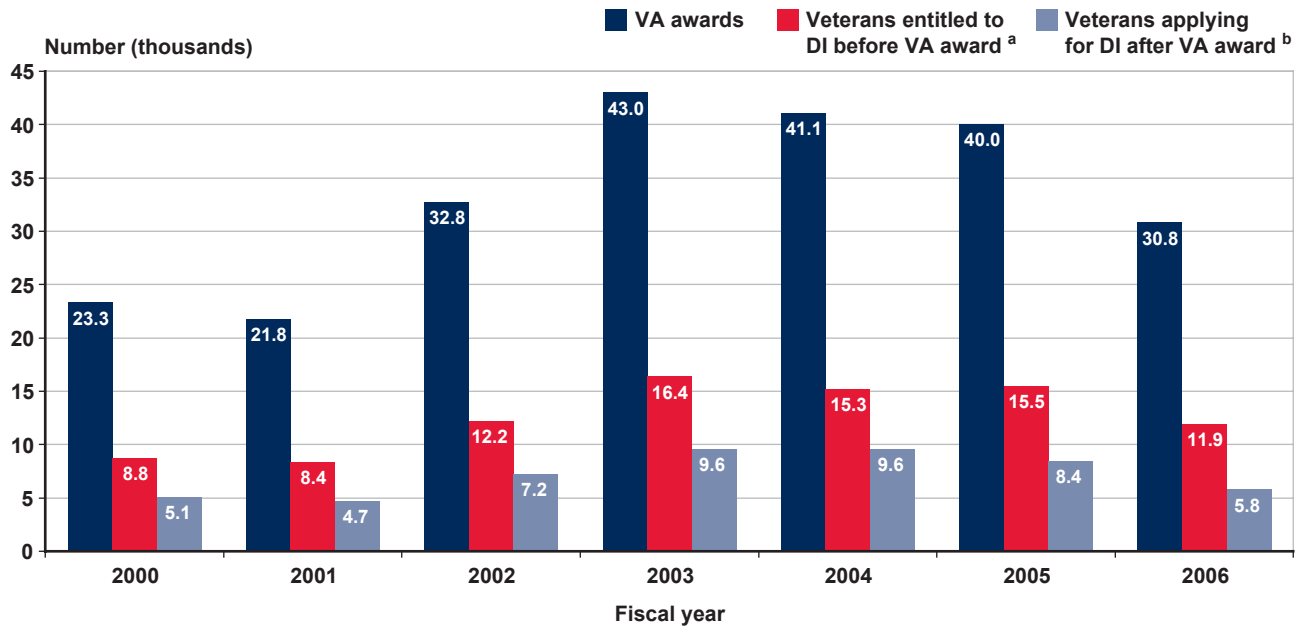
a. Veterans who are "entitled to DI" have been awarded and have received DI benefits. These individuals are unlikely to file after award unless their DI benefits have been terminated.

b. Veterans for whom we found evidence of having applied at any time from program inception in 1956 until VA award.

c. Veterans who applied at any time from VA award through mid-2010.

d. Veterans for whom we found no evidence of having applied for DI as of mid-2010.

Chart 4.
Number of veterans awarded VA disability compensation on the basis of disability ratings of 100% or IU during fiscal years 2000–2006, number entitled to DI benefits before the VA award, and number applying for DI benefits after the VA award, by fiscal-year VA-award cohort



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Veterans who are "entitled to DI" have been awarded and have received DI benefits. These individuals are unlikely to file after award unless their DI benefits have been terminated.

See Appendix Table A-3 for underlying data.

a. Veterans entitled at any time from DI program inception in 1956 until VA award.

b. Veterans who applied at any time from VA award through mid-2010.

Chart 5 shows that the percentage of VA awardees who were entitled to DI before receiving their 100% or IU rating was relatively constant at 37 to 39 percent for each fiscal-year cohort of awards. The percentage of veterans that applied for DI after receiving a VA award declined from 23 percent in fiscal year 2004 to 19 percent in fiscal year 2006. That outcome likely reflects the shorter period during which the latter award cohorts could apply for DI. As time passes, the DI application rate for latter cohorts will likely increase.

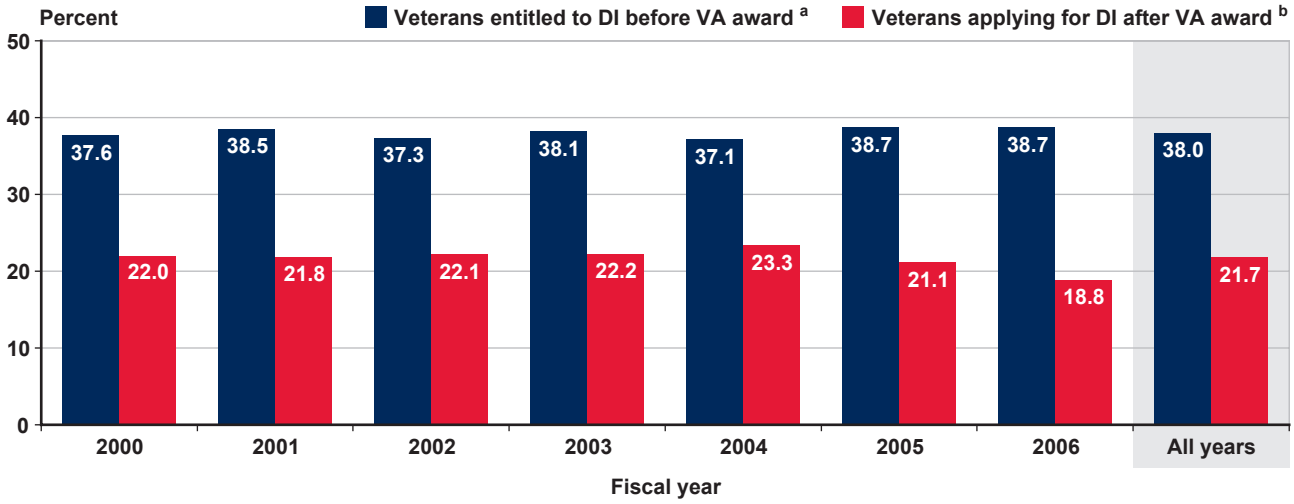
First DI Application After Receiving a VA Rating of 100% or IU

Some disabled veterans who apply for DI benefits and are denied will reapply, in some cases more than once. In this section, we focus on the first DI applications filed by veterans after receiving a VA rating of 100% or IU.

During fiscal years 2000–2006, disabled veterans with VA ratings of 100% or IU filed 50,461 postaward first applications for DI that resulted in a medical decision (either allowance or denial). An additional 6,559 cases resulted in technical denials, generally because the applicant lacked sufficient prior earnings to be insured for disability. We exclude technical denials from this analysis and from the calculation of the allowance rates.[16]

Chart 6 shows the number of postaward first DI applications and their medical decision outcomes, with detail for the 100% and IU ratings. IU-rated veterans accounted for 55 percent of the applications filed by totally disabled veterans (27,829 of 50,461). The DI allowance rate for applicants with an IU rating (65 percent) was lower than the allowance rate for applicants rated 100% (73 percent). Chart 7 shows that the postaward first DI application allowance rates for veterans with VA ratings of 100% and IU were stable across the VA-award cohorts from fiscal year 2000 through fiscal year 2006.

Chart 5.
Percentage of veterans awarded VA disability compensation on the basis of disability ratings of 100% or IU during fiscal years 2000–2006, percentage entitled to DI benefits before the VA award, and percentage applying for DI benefits after the VA award, by fiscal-year VA-award cohort



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

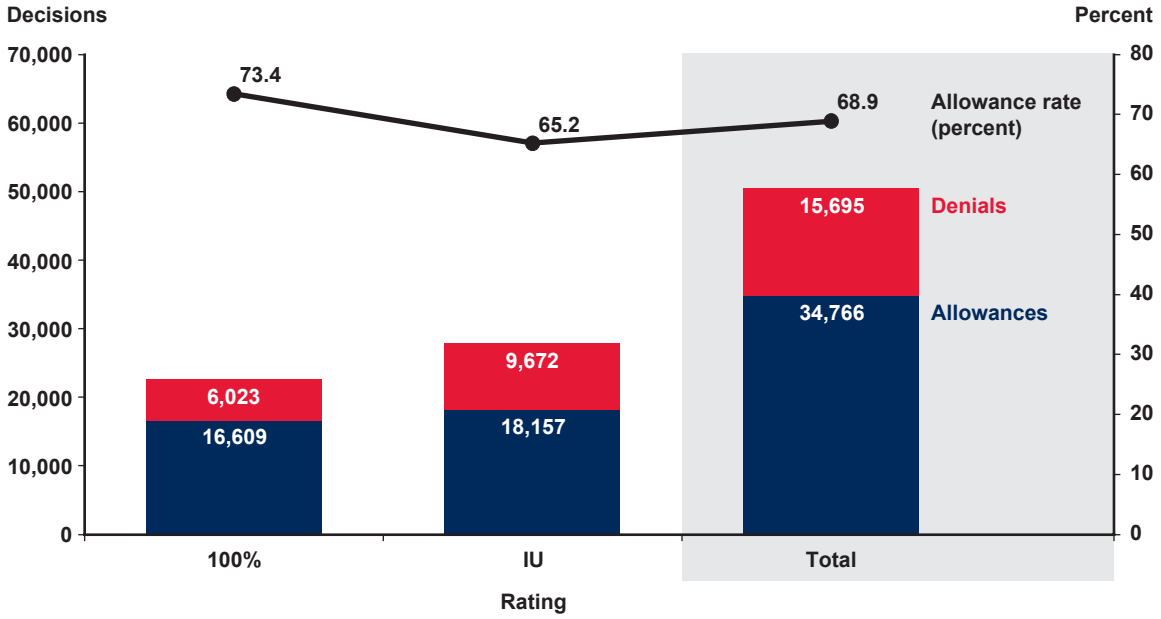
NOTES: Veterans who are "entitled to DI" have been awarded and have received DI benefits. These individuals are unlikely to file after award unless their DI benefits have been terminated.

See Appendix Table A-3 for underlying data.

a. Veterans entitled at any time from DI program inception in 1956 until VA award.

b. Veterans who applied at any time from VA award through mid-2010.

Chart 6.
Medical decisions and allowance rates for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, total and by rating

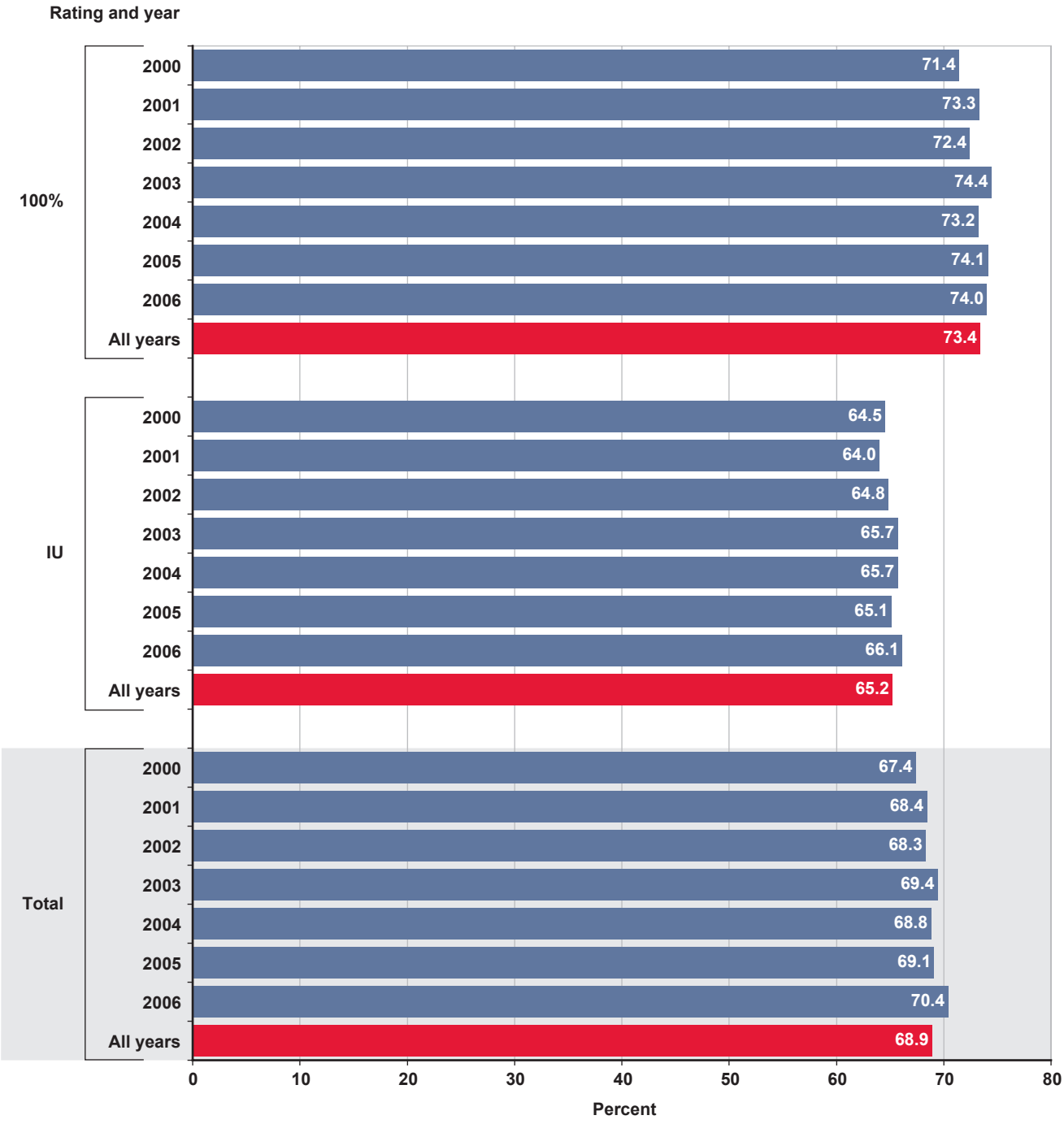


SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

See Appendix Table A-4 for underlying data.

Chart 7.
Allowance rates for medical decisions for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and fiscal-year VA-award cohort (in percent)



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

See Appendix Table A-5 for underlying data.

Applicants by Age Group

Chart 8 shows the number of DI allowances and denials and the associated allowance rates by age group and VA rating. Veterans aged 50 to full retirement age (FRA)[17] filed more than two-thirds of the DI applications filed by all age groups.

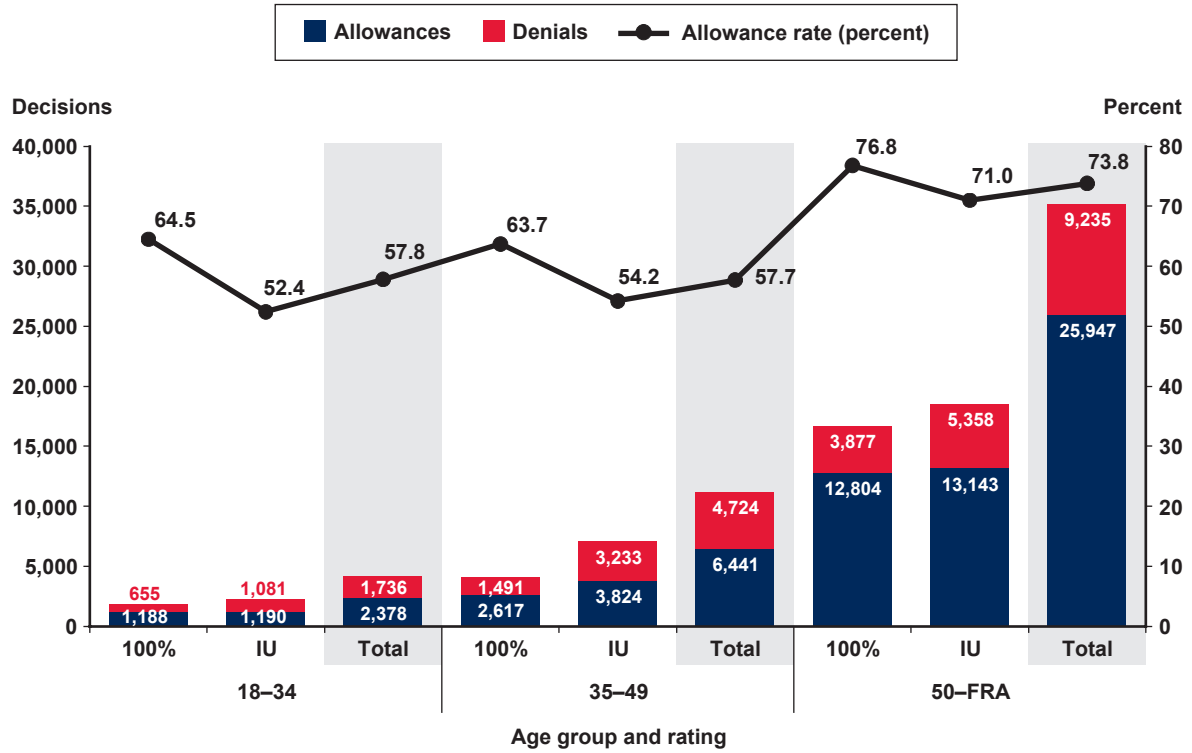
In each age group, the allowance rate for cases with a 100% rating was higher than the allowance rate for IU cases. Additionally, allowance rates for those aged 50–FRA were considerably higher (15 percentage points) than the rates for those in the two younger age groups. The age-group difference is likely a function of the role that age plays in DI decisions involving medical-vocational considerations (see Box 1). Within each VA rating category, the two younger age groups had similar allowance rates (Chart 8). However, within each age group, the difference in allowance rates between the IU and 100% ratings is substantially greater for the younger groups: 12.1 percentage points for ages 18–34, 9.5 percentage points for ages 35–49, and 5.8 percentage points for ages 50–FRA.

Diagnoses of Applicants

Veterans who apply for DI benefits after receiving a VA rating of 100% or IU are diagnosed independently by each agency. Thus, their records contain two primary diagnoses: one from VA and one from SSA. The VA's primary diagnosis reflects the impairment to which VA assigns the highest rating. The SSA primary diagnosis generally reflects the condition that either renders the individual disabled or has the most significant effect on his or her ability to work, as identified by the decision maker. Furthermore, the two agencies define certain diagnoses differently; for example, unlike VA, SSA has no separate diagnosis of posttraumatic stress disorder (PTSD), instead using more broadly defined categories such as anxiety-related disorders. As such, in comparing the primary diagnoses identified by the VA and SSA, we find some significant differences.

Chart 9 shows the frequency of the six most common primary VA diagnoses for totally disabled veterans applying for DI benefits, and Chart 10 reveals that those six diagnoses accounted for about half of the

Chart 8.
Medical decisions and allowance rates for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by age group and VA rating

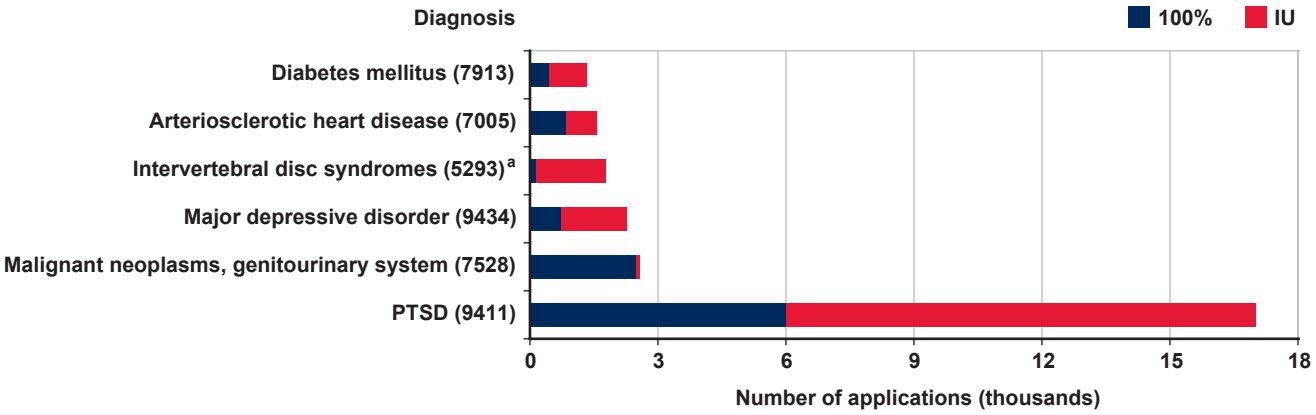


SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

See Appendix Table A-6 for underlying data.

Chart 9.
Number of first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by most frequent primary VA diagnoses and VA rating



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

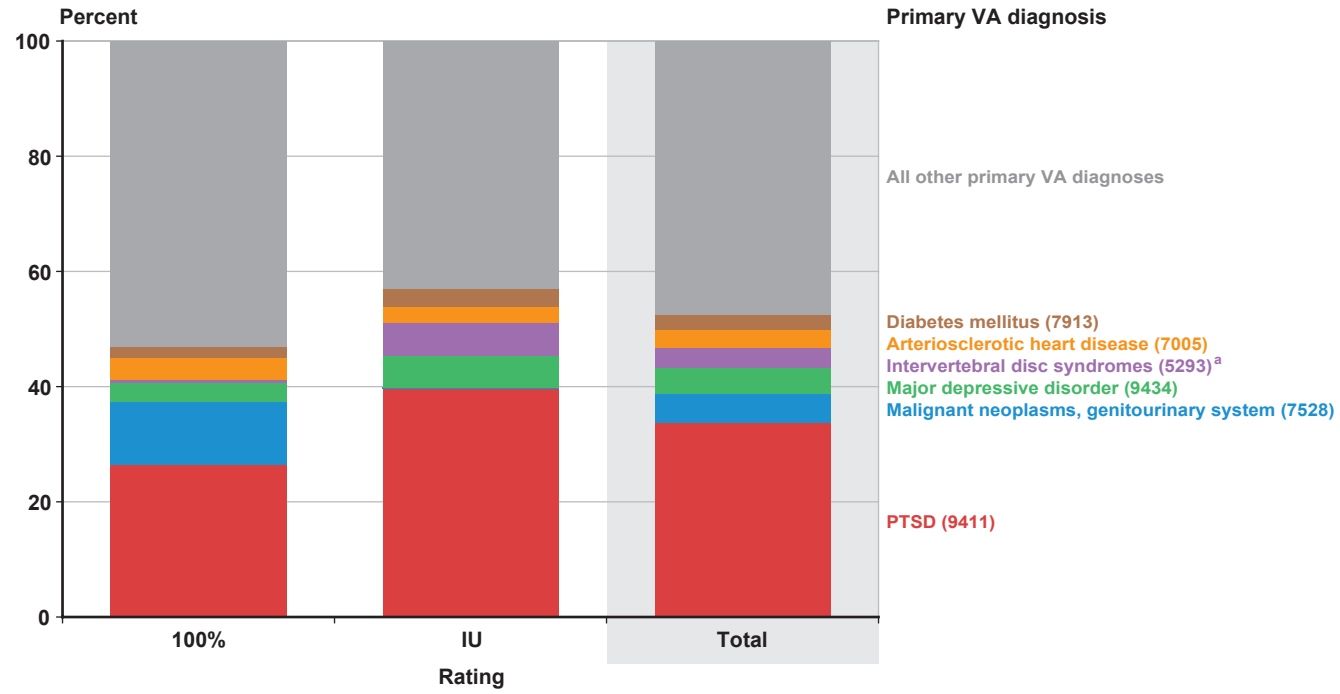
NOTES: Covers DI applications filed as of mid-2010.

A veteran may have multiple disabling conditions. The VA primary diagnosis reflects the condition with the highest VA rating.

See Appendix Table A-7 for underlying data.

a. VA discontinued use of this diagnostic code in 1997.

Chart 10.
Percentage distribution of first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006 by primary VA diagnosis, by VA rating



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

A veteran may have multiple disabling conditions. The VA primary diagnosis reflects the condition with the highest VA rating.

See Appendix Table A-7 for underlying data.

a. VA discontinued use of this diagnostic code in 1997.

DI applicants. PTSD, by far the most common primary diagnosis, accounted for about one-quarter of applicants with a VA rating of 100% and nearly 40 percent of applicants rated IU. Notably, several of the other major diagnoses tended to be age-related conditions, such as malignancies of the genitourinary system, arteriosclerosis, and diabetes.

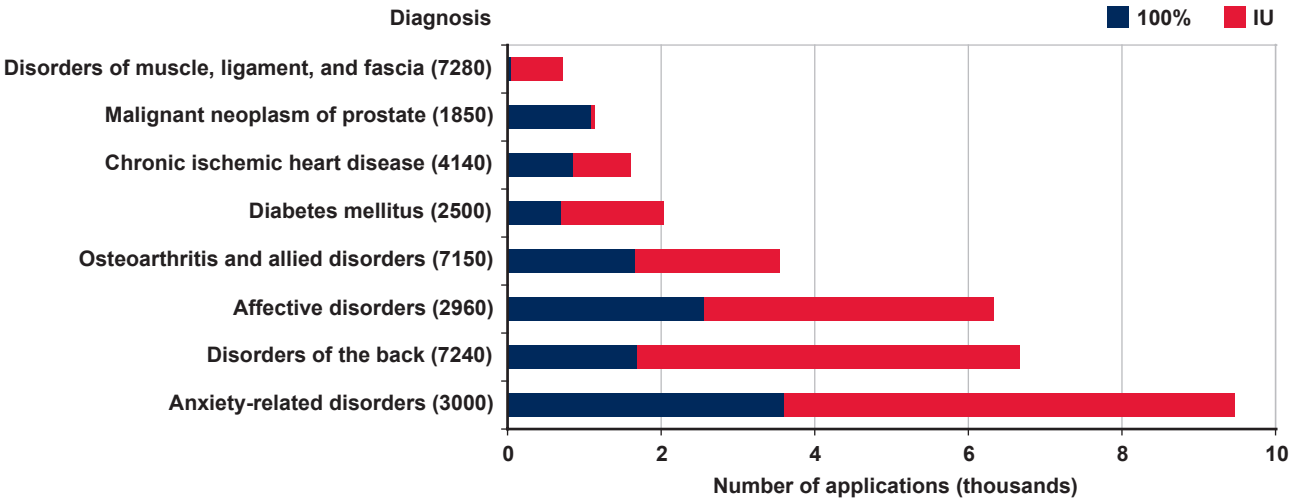
Chart 11 shows the frequency of the eight most common primary SSA diagnoses for our study sample, of which anxiety-related disorders occurred most often. As with the VA diagnoses, many of the SSA primary impairments are diseases and conditions often associated with age: disorders of the back, osteoarthritis, diabetes, chronic ischemic heart disease, and prostate cancer. Chart 12 shows that the eight leading SSA primary diagnoses accounted for about 54 percent of applicants with a 100% VA rating, nearly 70 percent of those rated IU, and about 62 percent of the applicants overall. Affective disorders was the third-most frequent SSA primary diagnosis; combined with anxiety-related disorders, the two diagnoses made up 27 percent of the applicants with a VA rating of 100% and about 35 percent of those rated IU. The applicants who were diagnosed by SSA with those two mental disorders represented about the same proportion of cases as those diagnosed by the VA with PTSD. SSA identified back disorders as the primary impairment much more frequently (13 percent) than did VA (less than 4 percent), and identified them much more frequently among the veterans rated IU (18 percent) than among veterans with a rating of 100% (8 percent).

Chart 13 shows DI allowance rates for applicants by the body system of the primary SSA diagnosis, with detail for selected mental impairments. For all but a few of the body systems, the allowance rate for veterans with a VA rating of 100% was greater than the allowance rate for those with an IU rating.

Reasons for DI Allowances and Denials

Chart 14 shows medical denials of postaward first DI applications for veterans receiving a VA rating of 100% or IU, by reason. We again exclude 6,559 technical denials, or cases denied for nonmedical reasons (such as not being insured for disability) from our sample. The greatest number of medical denials were for applicants deemed capable of work other than their previous work (the fifth step of the five-step sequential evaluation process for determining disability shown in Box 1), followed by step-4 denials (indicating the capacity to do past work) and step-2 denials (based on a finding of nonsevere impairment).[18] Over one-quarter of the DI denials involved impairments that SSA

Chart 11.
Number of first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by most frequent primary SSA diagnoses and VA rating



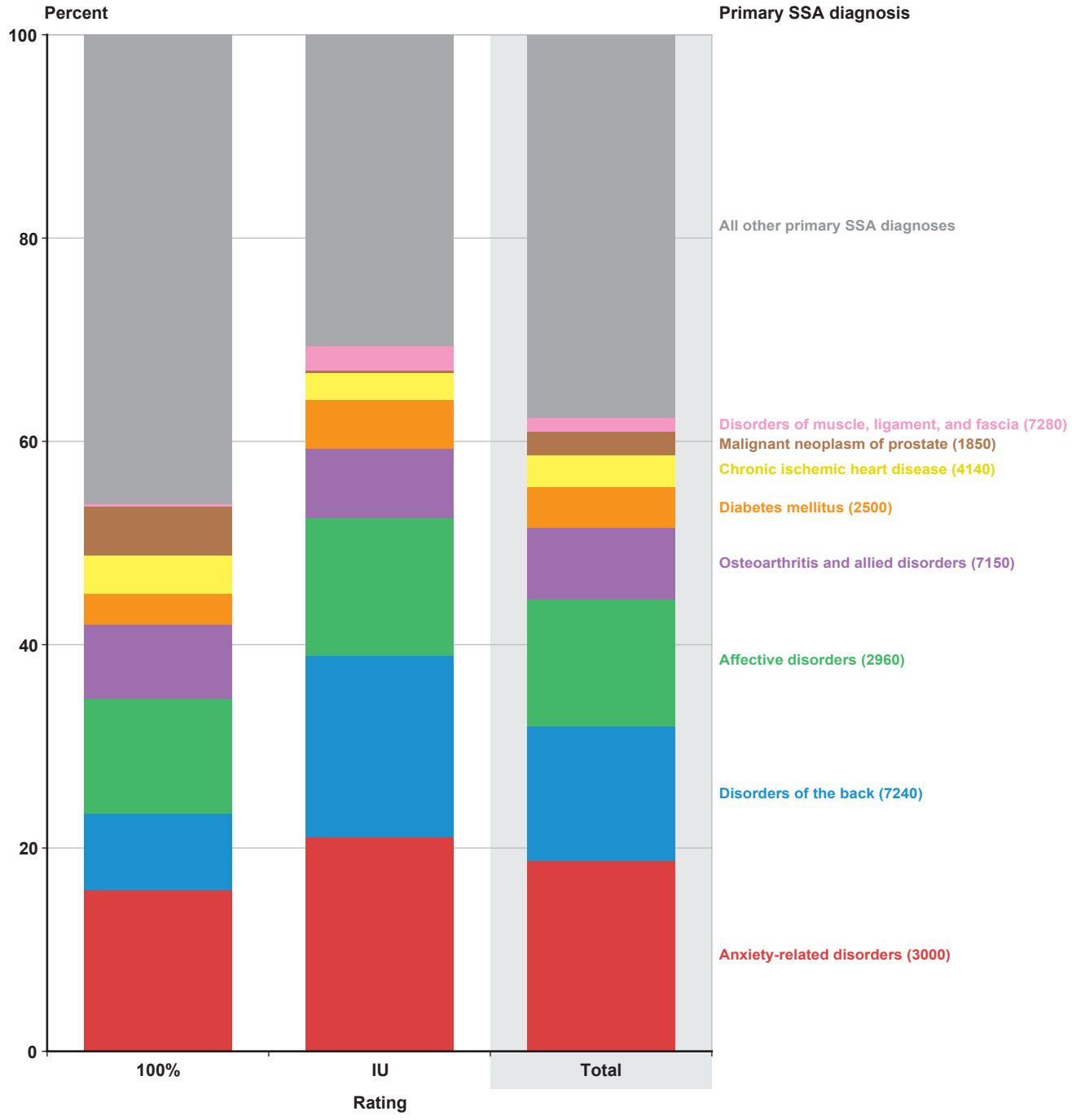
SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

A veteran applying for DI may have multiple disabling conditions. The SSA primary diagnosis reflects the basic condition that the SSA adjudicator establishes as the primary impairment.

See Appendix Table A-8 for underlying data.

Chart 12.
Percentage distribution of first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006 by primary SSA diagnosis, by VA rating



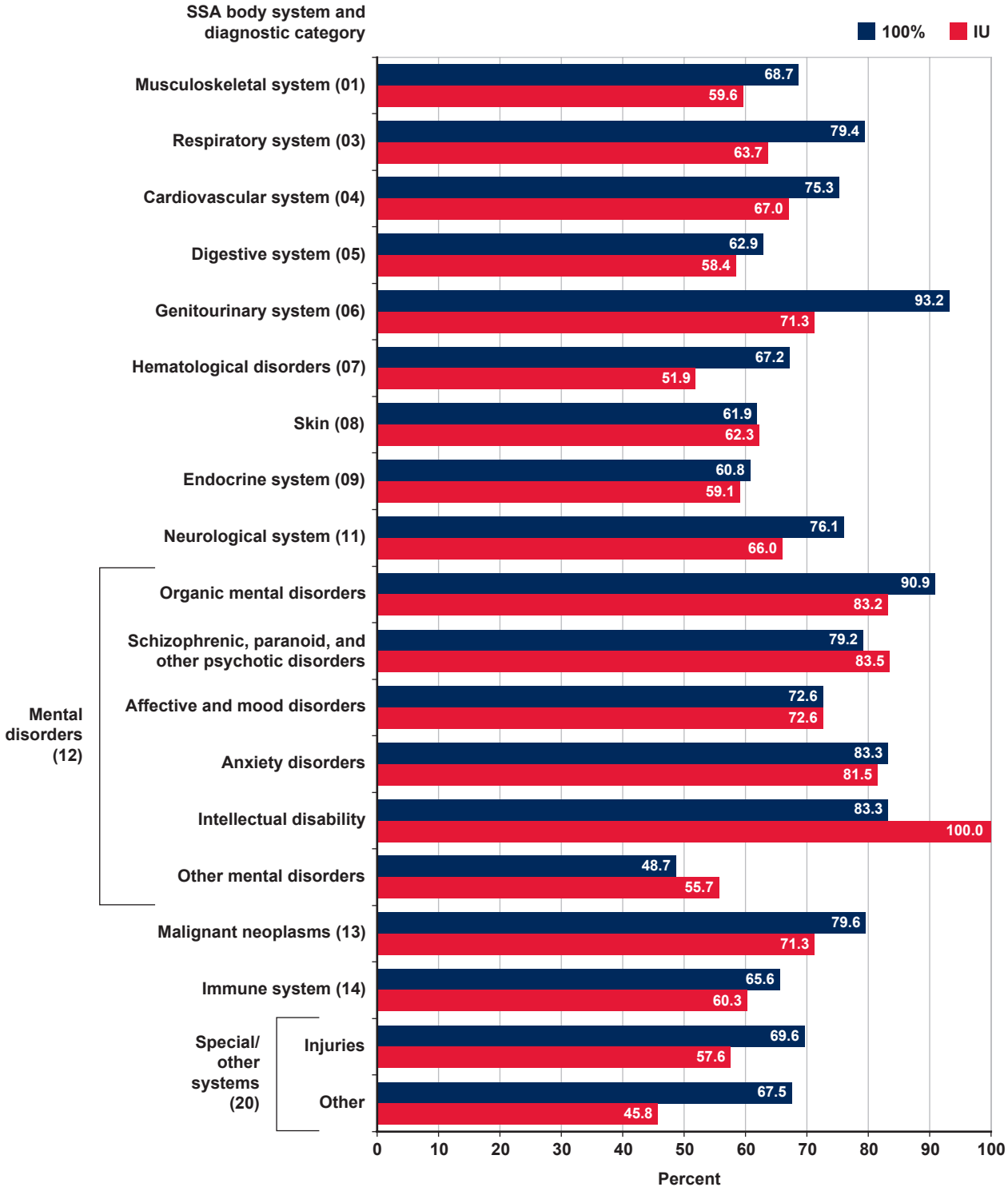
SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

A veteran applying for DI may have multiple disabling conditions. The SSA primary diagnosis reflects the basic condition that the SSA adjudicator establishes as the primary impairment.

See Appendix Table A-8 for underlying data.

Chart 13.
Allowance rates for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and SSA primary diagnosis body system and selected diagnostic categories



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

See Appendix Table A-9 for underlying data.

Chart 14.
Medical denials for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and SSA reason for denial

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

Based on best available information. The reason for denial is often missing from the records for cases decided at the ALJ hearing and Appeals Council levels. At those levels, the reason for most denials is that the applicant is judged capable of performing SGA in either past work or other work.

See Appendix Table A-10 for underlying data.

judged to be nonsevere in cases that VA rated 100% or IU. Among those rated IU—indicating that VA found the individual unable to engage in SGE—27 percent of those denied DI benefits were found by SSA to have a nonsevere impairment. Furthermore, over 60 percent of the veterans rated IU by VA and denied by SSA were judged to be capable of SGA, providing one measure of the extent to which the two programs' evaluation criteria indicate their different purposes.

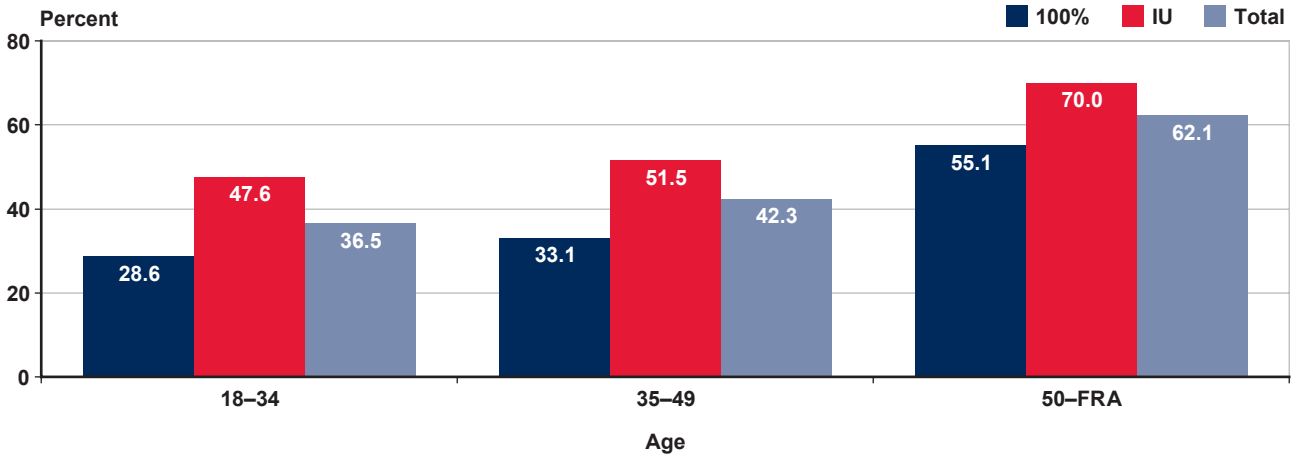
Chart 15 shows the percentages of DI claims allowed based on medical-vocational considerations, grouped by age at DI entitlement.[19] Medical-vocational considerations are those that result in allowances at step 5 of the sequential evaluation process for determining disability, respectively involving the ability to resume past work or to engage in other work considering the claimant's age, education, and prior work experience (Box 1). The remaining allowances are attributable to claimants with impairments meeting or equaling a medical listing (step 3 in the process). Chart 15 shows that the medical-vocational share of allowances increases with age, as might be expected as SSA applies vocational "grids" to determine if the individual has the ability to do other work. The grids take into account the claimant's age and provide lower thresholds for allowing a claim at older ages. Individuals of all ages with a VA rating of IU are more likely to receive a medical-vocational allowance than are veterans with a 100% rating.

Allowance Rates by Level of Adjudication

SSA has several levels of adjudication: the initial DDS determination and three levels of appeal. The successive levels for appeals are reconsideration, ALJ hearing, and the Appeals Council.[20] After exhausting SSA appeals, cases can be taken to the federal courts. This section examines allowance rates at each level and compares the results with those for disabled-worker DI applicants from the general population in calendar year 2003.

Chart 16 shows that at each of the first three levels of adjudication, as well as overall, veterans with a 100% VA rating had higher allowance rates than did those with an IU rating. Totally disabled veterans overall had higher allowance rates than DI applicants from the general population at the initial level, but they had similar allowance rates at the reconsideration and hearings levels.

Chart 15.
Allowances on the basis of medical-vocational considerations as a percentage of all allowances: First DI claims filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and age group at date of entitlement to DI



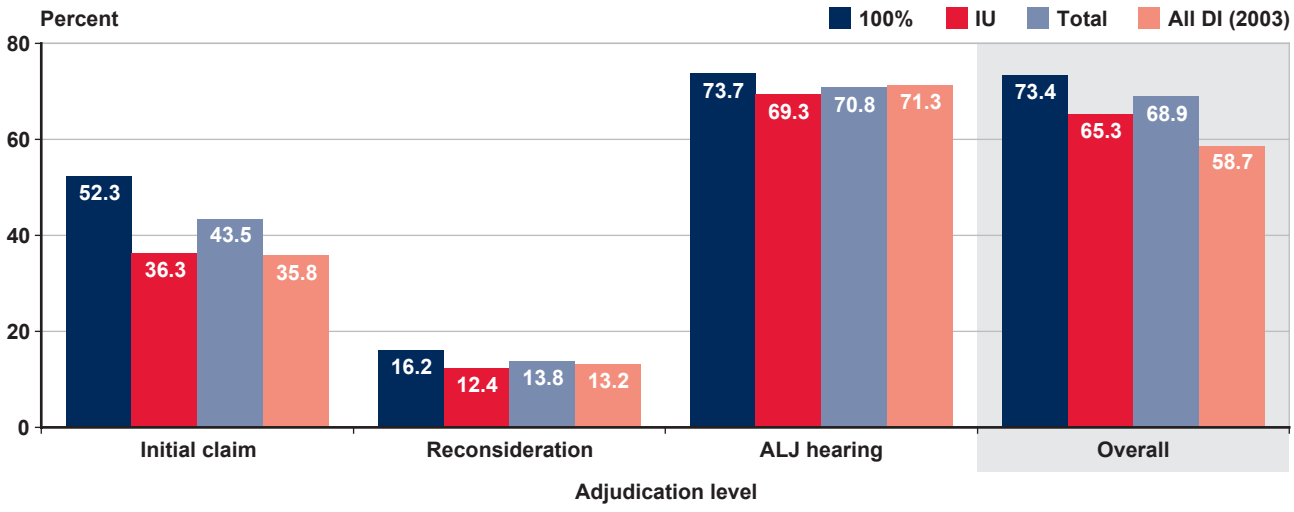
SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

Based on best available information. The reason for allowance is often missing from the records for cases decided at the ALJ hearing and Appeals Council levels. At those levels, the reason for most allowances is that the applicant is judged incapable of performing SGA in past work or any other work.

See Appendix Table A-11 for underlying data.

Chart 16.
Allowance rates for first DI claims filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and level of adjudication (with comparisons to allowance rate for all DI worker claims filed in calendar year 2003)



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: For veterans, covers DI applications filed as of mid-2010.

See Appendix Table A-12 for underlying data.

Of the 34,766 postaward first DI claims of totally disabled veterans that were ultimately allowed, nearly two-thirds of allowances came at the initial level and over one-quarter came in ALJ hearings. The proportion of allowances coming from appeals is lower for these disabled veterans than for the general disabled-worker applicant population (not shown).

Taken cumulatively, veterans with 100% VA ratings had the highest allowance rates, and the rates for totally disabled veterans overall were somewhat higher than those for DI applicants in the general population (Chart 17). After all SSA appeals, cumulative allowance rates were 73 percent for veterans with VA ratings of 100%, 65 percent for veterans rated IU, and 59 percent for DI disabled-worker applicants overall.[21]

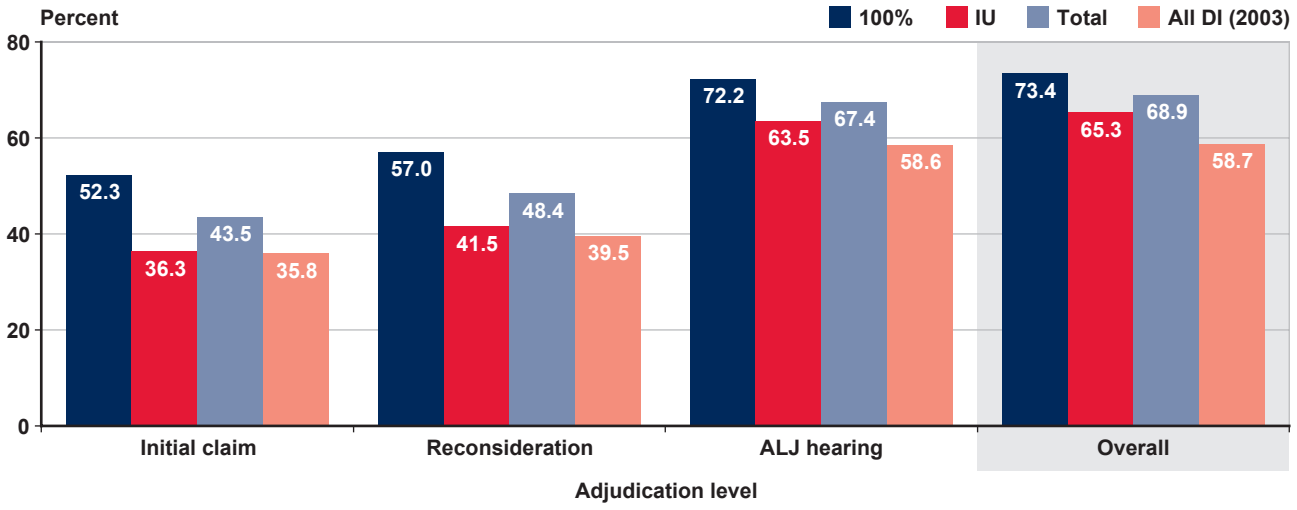
Multiple Applications for DI and Final Decision Outcomes

Thus far, we have analyzed veterans' first applications for DI disabled-worker benefits after receiving the VA rating of 100% or IU. DI applicants who are denied benefits may reapply, generally after exhausting all appeals. To determine the final allowance rate for this population of disabled veterans, we also considered decisions on all subsequent applications.

Chart 18 shows the number of totally disabled veterans who applied for DI by the number of times they applied after receiving the VA award of total disability. We include the 6,559 applicants with technical denials of their first applications because those individuals are eligible to reapply. Nearly 8,500 disabled veterans applied more than once, and individuals applied as many as seven times.

Chart 19 shows the medical decision on the most recent DI application filed by veterans after receiving their 100% or IU rating from the VA; that is, it provides the final allowance rate for those veterans as of 2010, the time of data extraction. The final allowance rate for veterans with a 100% rating was 78 percent, compared with 73 percent for those with a medical decision on their first application (see Chart 6); those rated IU had a final allowance rate of 71 percent, compared with 65 percent for those with a medical decision on their first application.

Chart 17.
Cumulative allowance rates for first DI claims by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and level of adjudication (with comparisons to allowance rate for all DI worker claims filed in calendar year 2003)

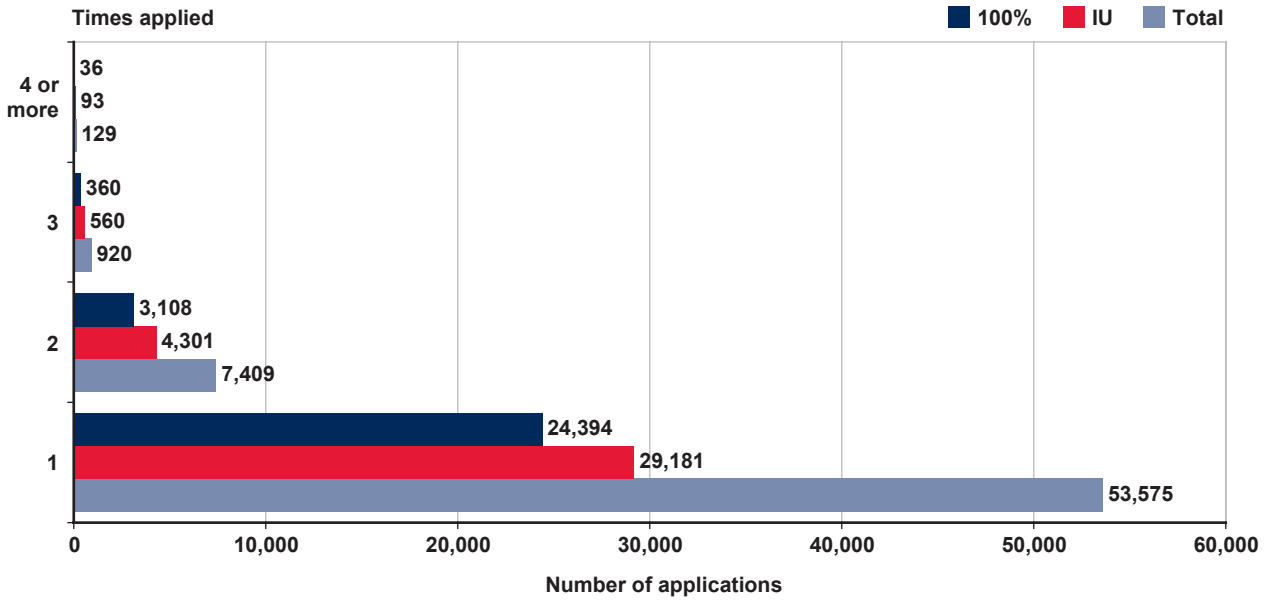


SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: For veterans, covers DI applications filed as of mid-2010.

See Appendix Table A-12 for underlying data.

Chart 18.
Veterans who applied for DI after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and number of times applied for DI as of mid-2010

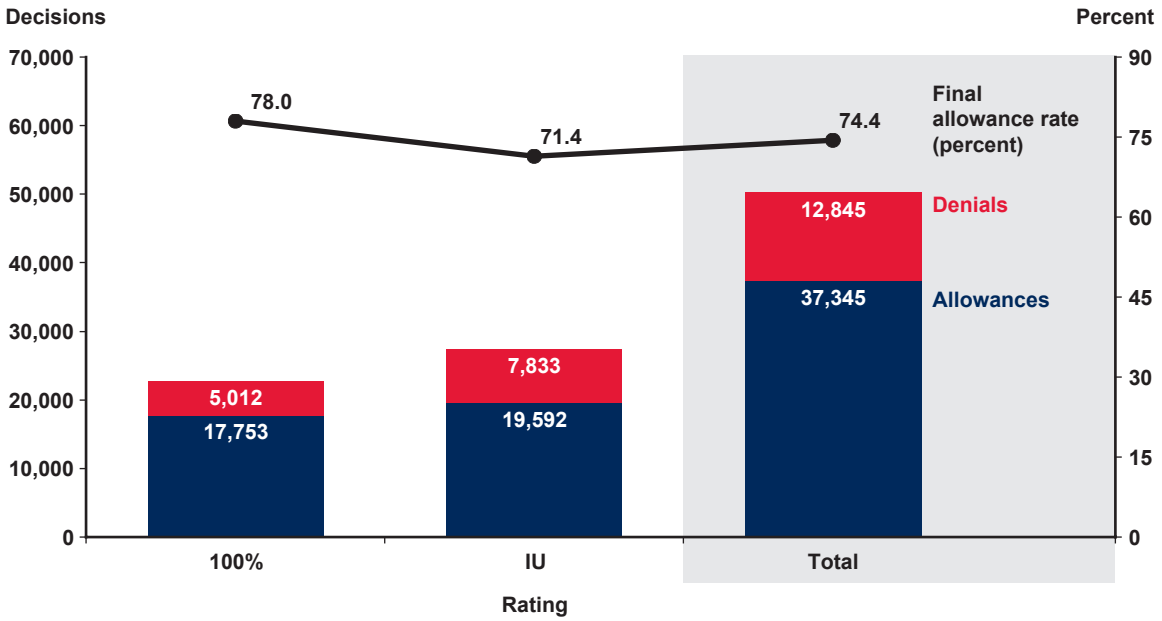


SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Includes veterans whose first DI claim was denied for nonmedical reasons (technical denials).

See Appendix Table A-13 for underlying data.

Chart 19.
Medical decisions for last DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, and final DI allowance rate, by VA rating, as of mid-2010



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTE: See Appendix Table A-14 for underlying data.

Diagnoses of Special Interest

Two diagnoses for veterans are of special interest to SSA, the VA, and policymakers: PTSD and traumatic brain injury (TBI). Both diagnoses have been associated with veterans returning from Iraq and Afghanistan. In this section, we focus on DI applicants with VA ratings for PTSD (code 9411), residuals of TBI (code 8045), and dementia associated with TBI (code 9304).[22]

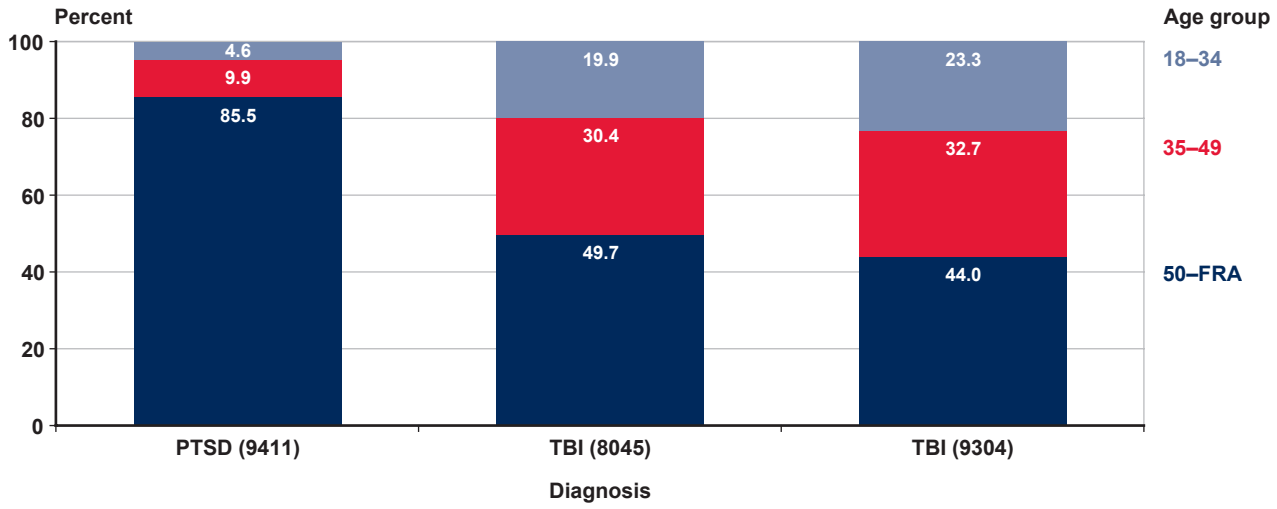
As we have demonstrated, veterans with VA ratings of 100% or IU who apply for DI benefits tend to be in older age groups. The same is true of veterans diagnosed with PTSD or TBI. Chart 20 shows the age distribution of DI applicants rated for PTSD or TBI at any level from 10% to 100%. The largest proportions of VA awardees applying for DI benefits were in the oldest age group of DI applicants (50–FRA). The vast majority of DI applicants with a VA rating for PTSD (86 percent) filed after reaching age 50; those individuals are likely to be Vietnam veterans. There are few DI applicants among younger veterans with PTSD ratings. Younger veterans were more widely represented among DI applicants with TBI than they were among those with PTSD; nevertheless, the oldest age group still constituted the largest proportion of DI applicants with TBI. It appears that the disabling impact of PTSD and TBI emerges at older ages, rather than at the time of separation from service.

PTSD

For our sample of disabled veterans applying for DI benefits, Chart 9 showed that the predominant primary VA diagnosis—that is, the highest-rated diagnosis—was PTSD, accounting for over 17,000 DI applicants, or one-third of those applying for DI after their VA award. However, veterans in the sample for whom the VA diagnosed PTSD at any rating level numbered 20,804, or over 40 percent of those applying for DI. Because certain VA rules affecting PTSD assessments have changed in recent years, the prevalence of PTSD diagnoses has likely increased since the period covered in this research. Chart 21 shows that, except for those with a rating of 0% (64 percent allowance rate), the DI allowance rates did not vary much between VA ratings for PTSD (from 72 to 74 percent).[23]

Chart 22 shows, for each of six rating levels for PTSD, the distribution of DI allowances by primary SSA diagnosis. Anxiety-related disorders represented a larger proportion of favorable decisions than affective disorders for all VA ratings of PTSD except 0%. Overall, nearly two-thirds of allowed DI claims filed

Chart 20.
First DI applications filed by veterans after receiving disability ratings of 100% or IU during fiscal years 2000–2006: Percentage distribution by age group, for PTSD and TBI diagnoses



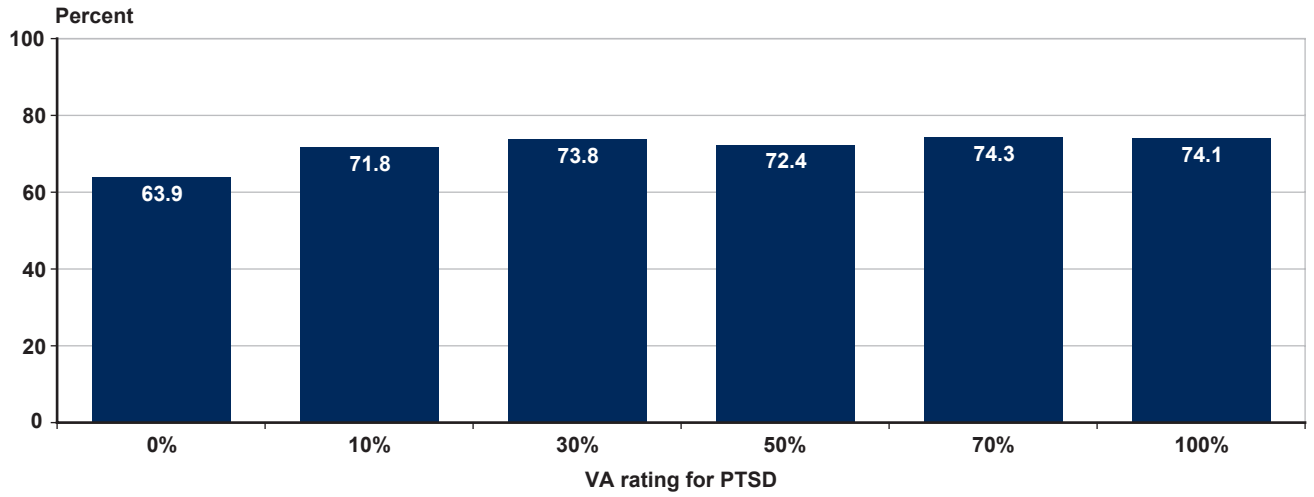
SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

TBI (8045) = residuals of TBI; TBI (9304) = dementia associated with brain trauma.

Covers all veterans with any VA rating between 10% and 100% for the given diagnoses.

Chart 21.
Allowance rates for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating for PTSD

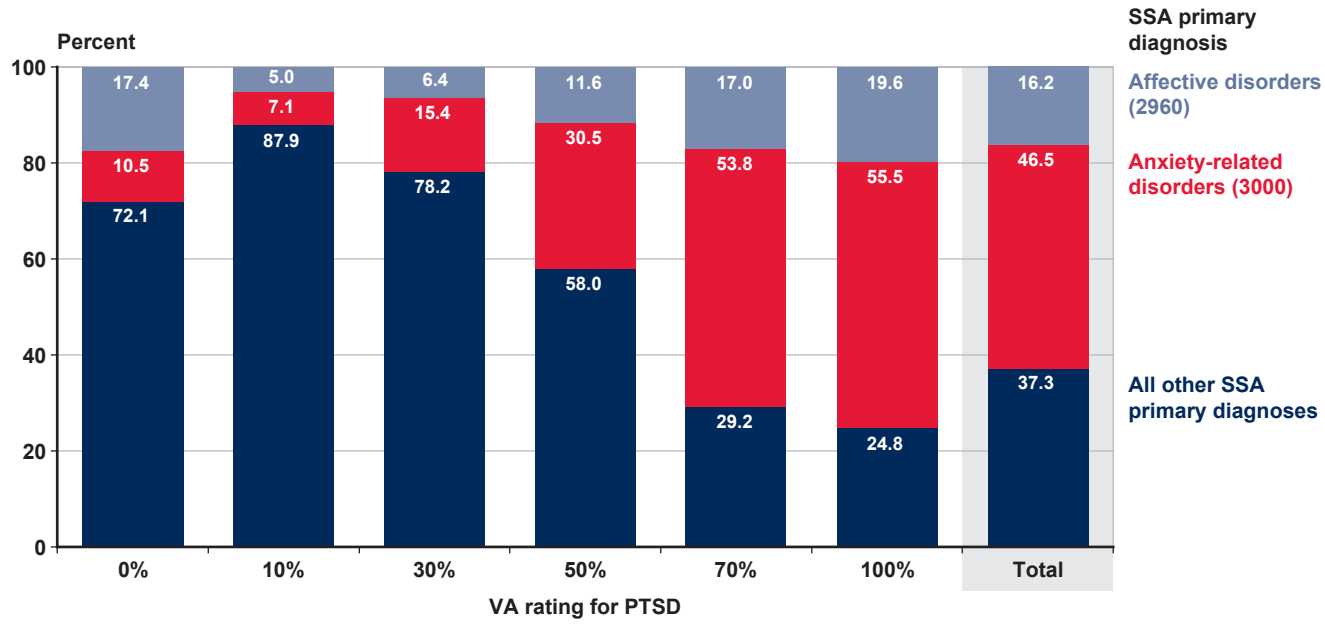


SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

See Appendix Table A-15 for underlying data.

Chart 22.
Percentage distribution of allowances of first DI claims filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by selected SSA primary diagnoses and VA rating for PTSD



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

Rounded components of percentage distributions do not necessarily sum to 100.0.

See Appendix Table A-16 for underlying data.

by those with a VA rating for PTSD were diagnosed by SSA with either an anxiety-related or affective disorder. The proportion of allowed DI claims having one of those two SSA primary diagnoses rose as the VA rating for PTSD did (omitting the 0% rating). Only 12 percent of DI allowances with a VA rating for PTSD of 10% had an SSA primary impairment of anxiety-related or affective disorder, while 75 percent of those with a 100% PTSD rating did. However, even among the lowest PTSD ratings (including 0%), at least some DI allowances were based on SSA diagnoses of anxiety-related or affective disorders, indicating that SSA and VA may have assessed these impairments differently. SSA adjudicated some cases identified by VA as PTSD on the basis of conditions other than anxiety-related or affective disorders. However, this seeming disagreement does not mean that SSA disregarded VA's PTSD diagnosis; rather, another impairment may have been more easily documented, or an affective or anxiety-related disorder may have been considered a secondary or uncoded diagnosis.

Chart 23 shows DI allowance rates by SSA primary diagnosis for various VA ratings for PTSD. The allowance rates for VA-rated PTSD cases that SSA adjudicated based on diagnoses of anxiety-related or affective disorders were generally higher than the rates for cases adjudicated based on all other diagnoses, and the difference was generally greater among cases with a higher VA rating for PTSD.

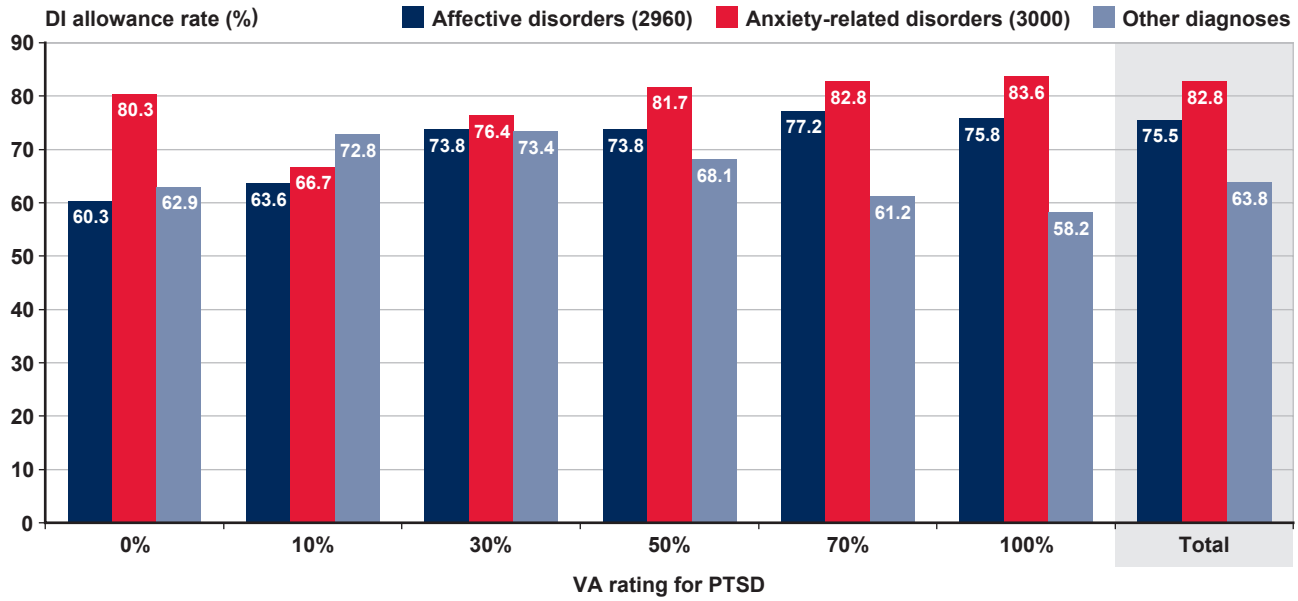
TBI

Among individuals with TBI who applied for DI, more than twice as many were diagnosed with residuals from TBI as were diagnosed with dementia associated with TBI. The number of cases with a VA diagnosis of TBI is small, representing only 2 percent of the DI applications filed by veterans after receiving a VA rating of 100% or IU.[24] The DI allowance rates for both TBI impairments were generally lower than those for PTSD, and did not increase with the level of the VA rating.

Chart 24 shows that DI allowance rates for residuals of TBI ranged from 44 to 88 percent and were not strongly correlated to the VA rating. The allowance rate for those with a 100% rating for residual TBI (75 percent) was about the same as the allowance rate for all veterans with a 100% disability compensation rating (73 percent; see Chart 6).

Chart 25 shows the DI allowance rates for VA cases diagnosed with dementia due to TBI. The DI allowance rates ranged from 62 to 70 percent for all VA ratings other than 0%. The overall DI allowance rate for

Chart 23.
DI allowance rate for first applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating for PTSD and selected SSA primary diagnosis

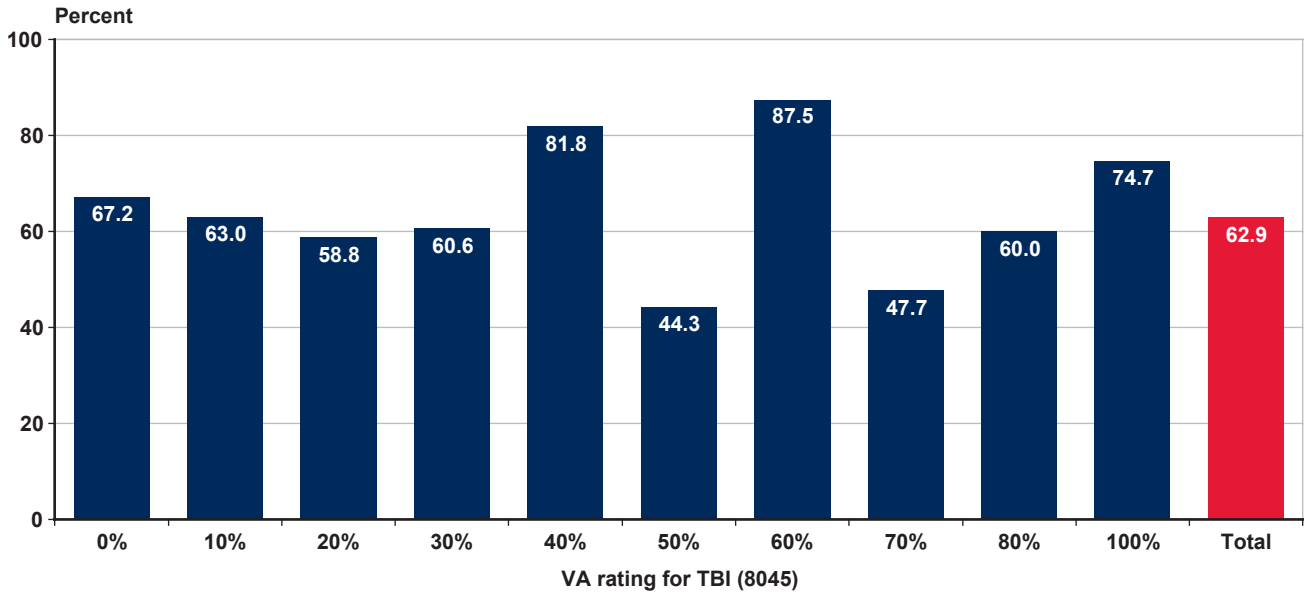


SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

See Appendix Table A-17 for underlying data.

Chart 24.
Medical allowance rates for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating for TBI diagnosis code 8045, "residuals of TBI"

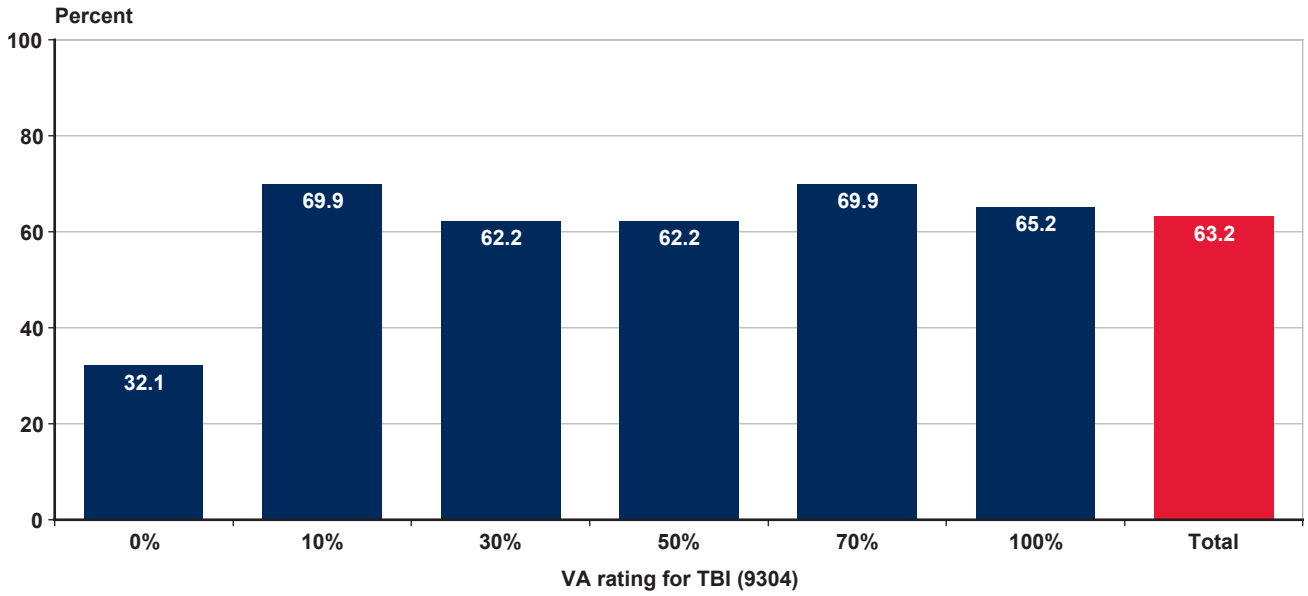


SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

See Appendix Table A-18 for underlying data.

Chart 25.
Medical allowance rates for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating for TBI diagnosis code 9304, "dementia associated with brain trauma"



SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

See Appendix Table A-19 for underlying data.

dementia associated with TBI (63 percent) was lower than that for all veterans with a VA rating of 100% or IU (69 percent; see Chart 6).

Potential Impact of the BRAVE Act on DI

Our findings definitively show that the BRAVE Act would increase DI program costs by allowing benefits to be paid to disabled veterans with VA ratings of 100% or IU whose impairments do not meet SSA's current disability standards. The BRAVE Act could create a bifurcated DI program by establishing different medical eligibility standards for disabled veterans and the general population. The allowance rate for veterans with a total-disability rating would increase from its current level of 69 percent to 100 percent. Moreover, if disabled veterans with a VA rating of 100% or IU were automatically eligible for DI, an induced entry effect would likely ensue. That is, some disabled veterans who have not applied (or otherwise would not apply) for DI would be encouraged to do so, and all of those new applications filed by insured workers not engaging in SGA would result in entitlement to DI benefits. Of the disabled veterans with a VA rating of 100% or IU, the 47 percent who had never before been entitled to DI (Chart 3) would now be entitled if they were insured for disability at the point of disability onset and were not working above the SGA level.

The BRAVE Act could also affect the VA disability compensation program. Automatic entitlement to DI disabled-worker benefits could induce more veterans to file an initial benefit claim with VA or to seek a higher disability rating, increasing VA administrative and program costs.

Expediting Veterans' Claims

SSA has incorporated policies to accelerate the disability claim process for MC/WW service members. To support that initiative, our analysis sought additional ways to expedite DI claims among totally disabled veterans. Specifically, we used multiple methodologies to study whether certain impairments and/or claim characteristics could be used to identify and target likely allowances, thereby expediting the disability determination process. We found no large categories of cases that met minimum accuracy and efficiency criteria for expedited decision making. Several categories met the criteria, but they included few cases and could not be efficiently identified and handled by a special process. Many, if not all, of these cases involved impairments (such as neoplasms) that would be identified in existing SSA special processes for compassionate allowances, quick disability decisions, or terminal illnesses. Thus, the agency's MC/WW process, coupled with the existing special processes, already expedite the MC/WW cases most likely to be allowed.

In order to improve service for 100% disabled veterans, SSA launched a new initiative in March 2014. This initiative expedites decisions for any veteran with a 100% permanent and total VA disability rating and is expected to result in significant reductions in SSA disability decision waiting time for such veterans.

Conclusions

The VA and SSA disability programs differ in their primary purposes. VA maintains a disability compensation program, while SSA maintains an income replacement program. Although many individuals are eligible for both programs, for others we find that differences in the definition of disability and in the decision criteria result in different application outcomes. Both agencies strive to support veterans who claim disability and to guarantee that disabled veterans get all benefits they are entitled to receive. Nevertheless, this research shows that the programs serve different purposes for populations that overlap, but do not match.

The sequence in which disabled veterans apply for the programs varies. Of those who would receive a VA rating of 100% or IU during fiscal years 2000–2006, more than half (51 percent) applied for DI before they received their VA rating, and more than one-third (38 percent) were already on the DI rolls before they received their VA rating. Only 22 percent filed their first DI application after receiving a VA rating of 100% or IU.

A wide majority of veterans in our study were aged 50 or older at the time of their total-disability award and most served in Vietnam. Nearly one-third of the veterans receiving ratings of 100% or IU were over FRA and thus were not eligible for DI benefits. Veterans of the Gulf Wars represented about 15 percent of the VA awards and DI applications. Even among first-time VA awards with ratings of 100% or IU, only 21 percent were for Gulf War veterans, while 72 percent were for Vietnam veterans.

Veterans with a VA rating of 100% or IU have a slightly higher DI allowance rate than do members

of the general population, but nearly one-third are denied DI benefits based on medical (or medical-vocational) considerations. The allowance rate for disabled veterans rated 100% is higher than that for the general population at the initial DDS level, but respective allowance rates differ little at the reconsideration and hearings levels. As with the general population, DI allowance rates are highest for disabled veterans at older ages.

PTSD was the most common primary VA diagnosis among members of our study. One-third of the veterans who applied for DI after receiving a VA rating of 100% or IU had a primary VA diagnosis of PTSD. The DI allowance rate for veterans with any VA rating for PTSD was about 75 percent, with little variation by rating level. Among disabled veterans with any PTSD rating whose first DI claims after VA award of 100% or IU were allowed, nearly two-thirds had SSA diagnoses of anxiety-related or affective disorders. The DI allowance rate for veterans with PTSD was higher than that for veterans with other diagnoses; however, one-quarter of veterans who received a 100% PTSD rating did not qualify for DI.

Relatively few disabled veterans had a VA rating for TBI and only 1,096 filed applications for DI benefits after receiving a rating of total disability from VA. The DI allowance rate for cases with any VA rating for TBI was about 63 percent, slightly lower than that for all study cases (69 percent).

The BRAVE Act has not been reintroduced in Congress, but the legislation would have increased DI program participation and costs. By establishing medical eligibility standards for disabled veterans that differ from those for the general population, it would also have resulted in a bifurcated DI program. Additionally, automatic eligibility for DI could have induced disabled veterans to file claims with VA or to seek increases in their VA rating, thereby increasing that agency's administrative workloads and costs. The BRAVE Act also provided no guidance on how SSA should respond when a veteran's VA rating changes, as occurs in cases of medical improvement or resumption of work activity by IU-rated veterans, among other situations. Though well intentioned, the proposed legislation left many important questions unresolved.

Appendix

Table A-1.
Number and percentage distribution of veterans aged 18–64 awarded VA disability compensation on the basis of disability ratings of 100% or IU during fiscal years 2000–2006, by period of service (underlying data for Chart 1)

VA disability rating of 100% or IU	Total	Vietnam era (1964–1975)	Peacetime (1975–1990)	Gulf War era (1990–present)
		Number		
Total awards	232,687	157,630	39,731	35,326
Initial VA awards	31,355	22,550	2,294	6,511
		Percent		
Total awards	100.0	67.7	17.1	15.2
Initial VA awards	100.0	71.9	7.3	20.8

SOURCE: Authors' calculations using VA administrative records.

NOTES: VA defines "Vietnam era" as August 1964–April 1975 and "Gulf War era" as August 1990–present. Because periods refer to time and not location of service, the Gulf War era includes veterans of both Iraq wars and the Afghanistan war. All MC/WW cases are also included in the Gulf War era service period.

A small number of cases coded for other service periods were excluded from this table.

Table A-2.
Number and percentage distribution of veterans awarded VA disability compensation on the basis of disability ratings of 100% or IU during fiscal years 2000–2006, by age at VA award (underlying data for Chart 2)

VA disability rating of 100% or IU	Total	18–34	35–49	50–64	65 or older
			Number		
Total awards	338,305	12,798	44,698	175,337	105,472
Initial VA awards	42,983	3,459	4,302	23,604	11,618
			Percent		
Total awards	100.0	3.8	13.2	51.8	31.2
Initial VA awards	100.0	8.0	10.0	54.9	27.0

SOURCE: Authors' calculations using VA administrative records.

NOTE: Rounded components of percentage distributions do not necessarily sum to 100.0.

Table A-3.
Number of veterans awarded VA disability compensation on the basis of disability ratings of 100% or IU during fiscal years 2000–2006, with numbers and percentages of those entitled to DI benefits before the VA award and applying for DI benefits after the VA award, by fiscal-year VA award cohort (underlying data for Charts 4 and 5)

		Veterans entitled to DI before VA award [a]		Veterans applying for DI after VA award [b]	
Fiscal year	VA awards	Number	Percent	Number	Percent
2000	23,344	8,776	37.6	5,129	22.0
2001	21,754	8,366	38.5	4,739	21.8
2002	32,752	12,223	37.3	7,241	22.1
2003	43,011	16,381	38.1	9,557	22.2
2004	41,093	15,263	37.1	9,565	23.3
2005	40,046	15,500	38.7	8,437	21.1
2006	30,833	11,926	38.7	5,793	18.8
All years	232,833	88,435	38.0	50,461	21.7

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTE: Veterans who are "entitled to DI" have been awarded and have received DI benefits. These individuals are unlikely to file after award unless their DI benefits have been terminated.

a. Veterans entitled at any time from program inception in 1956 until VA award.

b. Veterans who applied at any time from VA award through mid-2010.

Table A-4.
First DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by medical decision and VA rating (underlying data for Chart 6)

	VA rating		
Decisions	100%	IU	Total
Total	22,632	27,829	50,461
Allowances	16,609	18,157	34,766
Denials	6,023	9,672	15,695
Allowance rate (percent)	73.4	65.2	68.9

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTE: Covers DI applications filed as of mid-2010.

Table A-5.
Allowance rates for medical decisions on first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and fiscal-year VA-award cohort (in percent; underlying data for Chart 7)

	VA Rating		
Fiscal year	100%	IU	Total
2000	71.4	64.5	67.4
2001	73.3	64.0	68.4
2002	72.4	64.8	68.3
2003	74.4	65.7	69.4
2004	73.2	65.7	68.8
2005	74.1	65.1	69.1
2006	74.0	66.1	70.4
All years	73.4	65.2	68.9

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTE: Covers DI applications filed as of mid-2010.

Table A-6.
First DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by medical decision, VA rating, and age group (underlying data for Chart 8)

	VA rating		
Decisions	100%	IU	Total
		Ages 18–34	
Total	1,843	2,271	4,114
Allowances	1,188	1,190	2,378
Denials	655	1,081	1,736
Allowance rate (percent)	64.5	52.4	57.8
		Ages 35–49	
Total	4,108	7,057	11,165
Allowances	2,617	3,824	6,441
Denials	1,491	3,233	4,724
Allowance rate (percent)	63.7	54.2	57.7
		Ages 50–FRA	
Total	16,681	18,501	35,182
Allowances	12,804	13,143	25,947
Denials	3,877	5,358	9,235
Allowance rate (percent)	76.8	71.0	73.8
		All ages	
Total	22,632	27,829	50,461
Allowances	16,609	18,157	34,766
Denials	6,023	9,672	15,695
Allowance rate (percent)	73.4	65.2	68.9

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTE: Covers DI applications filed as of mid-2010.

Table A-7.
First DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and most frequent primary VA diagnoses (underlying data for Charts 9 and 10)

	VA rating				Total	
	100%		IU			
VA primary diagnosis and diagnostic code	Number	Percent	Number	Percent	Number	Percent
PTSD (9411)	6,003	26.5	11,014	39.6	17,017	33.7
Malignant neoplasms, genitourinary system (7528)	2,483	11.0	72	0.3	2,555	5.1
Major depressive disorder (9434)	726	3.2	1,537	5.5	2,263	4.5
Intervertebral disc syndromes (5293) [a]	146	0.6	1,626	5.8	1,772	3.5
Arteriosclerotic heart disease (7005)	835	3.7	717	2.6	1,552	3.1
Diabetes mellitus (7913)	445	2.0	877	3.2	1,322	2.6
All other VA primary diagnoses	11,994	53.0	11,986	43.1	23,980	47.5
Total	22,632	100.0	27,829	100.0	50,461	100.0

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

A veteran may have multiple disabling conditions. The VA primary diagnosis reflects the condition with the highest VA rating.

Rounded components of percentage distributions do not necessarily sum to 100.0.

a. VA discontinued use of this diagnostic code in 1997.

Table A-8.
First DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and most frequent primary SSA diagnoses (underlying data for Charts 11 and 12)

	VA rating				Total	
	100%		IU			
SSA primary diagnosis and impairment code	Number	Percent	Number	Percent	Number	Percent
Anxiety-related disorders (3000)	3,597	15.9	5,869	21.1	9,466	18.8
Disorders of the back (7240)	1,687	7.5	4,974	17.9	6,661	13.2
Affective disorders (2960)	2,552	11.3	3,769	13.5	6,321	12.5
Osteoarthritis and allied disorders (7150)	1,656	7.3	1,883	6.8	3,539	7.0
Diabetes mellitus (2500)	693	3.1	1,336	4.8	2,029	4.0
Chronic ischemic heart disease (4140)	848	3.7	746	2.7	1,594	3.2
Malignant neoplasm of prostate (1850)	1,087	4.8	50	0.2	1,137	2.3
Disorders of muscle, ligament, and fascia (7280)	50	0.2	668	2.4	718	1.4
All other SSA primary diagnoses	10,462	46.2	8,534	30.7	18,996	37.6
Total	22,632	100.0	27,829	100.0	50,461	100.0

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

A veteran may have multiple disabling conditions. The SSA primary diagnosis reflects the basic condition that the SSA adjudicator establishes as the primary impairment.

Rounded components of percentage distributions do not necessarily sum to 100.0.

Table A-9.
Medical decisions for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and SSA primary diagnosis body system and selected diagnostic category (underlying data for Chart 13)

SSA body system and diagnostic category	100%			IU		
	Allowances	Denials	Allowance rate (percent)	Allowances	Denials	Allowance rate (percent)
Musculoskeletal system (01)	2,975	1,356	68.7	4,948	3,357	59.6
Respiratory system (03)	588	153	79.4	313	178	63.7
Cardiovascular system (04)	1,747	573	75.3	1,303	643	67.0
Digestive system (05)	241	142	62.9	241	172	58.4
Genitourinary system (06)	558	41	93.2	117	47	71.3
Hematological disorders (07)	39	19	67.2	14	13	51.9
Skin disorders (08)	13	8	61.9	48	29	62.3
Endocrine system (09)	487	314	60.8	894	619	59.1
Neurological system (11)	912	286	76.1	1,153	595	66.0
Mental disorders (12)						
Organic mental disorders	271	27	90.9	288	58	83.2
Schizophrenic, paranoid, and other psychotic disorders	519	136	79.2	269	53	83.5
Affective and mood disorders	1,854	698	72.6	2,736	1,033	72.6
Anxiety disorders	2,996	601	83.3	4,784	1,085	81.5
Intellectual disability	5	1	83.3	4	0	100.0
Other mental disorders	92	97	48.7	176	140	55.7
Malignant neoplasms (13)	2,699	692	79.6	191	77	71.3
Immune system (14)	82	43	65.6	70	46	60.3
Special/Other systems (20)						
Injuries	418	183	69.6	485	357	57.6
Other	27	13	67.5	22	26	45.8
Total [a]	16,523	5,383	75.4	18,056	8,528	67.9

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTE: Covers DI applications filed as of mid-2010.

a. Excludes 726 applicants with a 100% rating and 1,245 applicants with an IU rating because body system classification was missing.

Table A-10.
Medical denials for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and SSA reason for denial (underlying data for Chart 14)

	VA rating					
	100%		IU		Total	
Reason	Number	Percent	Number	Percent	Number	Percent
Applicant deemed capable of SGA (other than past work)	1,853	30.8	3,307	34.3	5,160	32.9
Applicant deemed capable of SGA (can resume past work)	1,734	28.8	2,583	26.8	4,315	27.5
Impairment not severe	1,412	23.5	2,641	27.4	4,053	25.9
Insufficient evidence	466	7.8	672	7.0	1,137	7.3
Applicant failed to submit to a consultative examination	209	3.5	266	2.8	475	3.0
Disability not expected to last 12 months	290	4.8	113	1.2	403	2.6
Drug addiction and alcoholism is material to disability	43	0.7	68	0.7	111	0.7
Applicant is engaging in SGA	a	a	a	a	a	a
Applicant failed to follow prescribed treatment	a	a	a	a	a	a
Total	6,012	100.0	9,654	100.0	15,663	100.0

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

Omits 6,559 technical denials (2,893 with a 100% rating and 3,666 with an IU rating).

Based on best available information. The reason for denial is often missing from the records for cases decided at the ALJ hearing and Appeals Council levels. At those levels, the reason for most denials is that the applicant is judged capable of performing SGA in either past work or other work.

Rounded components of percentage distributions do not necessarily sum to 100.0.

a. Fewer than 10 or less than 0.05 percent, as applicable.

Table A-11.
Allowances for first DI claims filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by reason for allowance, VA rating, and age group at date of entitlement to DI (underlying data for Chart 15)

Age group at date of entitlement to DI	Disability meets or equals listing criteria	Claim allowed for medical-vocational considerations	All allowances	Medical-vocational share of allowances (percent)
		100%		
18–34	715	286	1,001	28.6
35–49	1,214	600	1,814	33.1
50–FRA	4,661	5,712	10,373	55.1
Total	6,590	6,598	13,188	50.0
		IU		
18–34	377	343	720	47.6
35–49	888	942	1,830	51.5
50–FRA	2,800	6,529	9,329	70.0
Total	4,065	7,814	11,879	65.8
		Total		
18–34	1,092	629	1,721	36.5
35–49	2,102	1,542	3,644	42.3
50–FRA	7,461	12,241	19,702	62.1
Total	10,655	14,412	25,067	57.5

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

Based on best available information. The reason for allowance is often missing from the records for cases decided at the ALJ hearing and Appeals Council levels. At those levels, the reason for most allowances is that the applicant is judged incapable of performing SGA in either past work or other work.

Table A-12.
Number of allowances and allowance rates for first DI claims filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and level of adjudication, with comparisons to allowance rate for all DI claims filed in calendar year 2003 (underlying data for Charts 16 and 17)

VA rating	Level of adjudication				Total allowances	Total medical decisions
	Initial claim	Reconsideration	ALJ hearing	Appeals Council or further		
			Number of allowances			
100%	11,846	1,043	3,454	266	16,609	22,632
IU	10,112	1,447	6,103	500	18,162	27,829
Total	21,956	2,490	9,554	766	34,766	50,461
			Allowance rate (percent)			
100%	52.3	16.2	73.7	--	. . .	73.4
IU	36.3	12.4	69.3	--	. . .	65.3
Total	43.5	13.8	70.8	--	. . .	68.9
All DI in 2003 [a]	35.8	13.2	71.3	--	. . .	58.7
			Cumulative number of allowances			
100%	11,846	12,889	16,343	16,609	16,609	22,632
IU	10,112	11,559	17,662	18,162	18,162	27,829
Total	21,956	24,446	34,000	34,766	34,766	50,461
			Cumulative allowance rate (percent)			
100%	52.3	57.0	72.2	73.4	. . .	73.4
IU	36.3	41.5	63.5	65.3	. . .	65.3
Total	43.5	48.4	67.4	68.9	. . .	68.9
All DI in 2003 [a]	35.8	39.5	58.6	58.7	. . .	58.7

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

. . . = not applicable; -- = not available.

a. Disabled-worker benefit claims filed programwide in calendar year 2003.

Table A-13.
Number and percentage distribution of veterans who applied for DI after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating and number of times applied for DI as of mid-2010 (underlying data for Chart 18)

Times applied	VA rating		Total
	100%	IU	
	Number		
1	24,394	29,181	53,575
2	3,108	4,301	7,409
3	360	560	920
4 or more	36	93	129
Total	27,898	34,135	62,033
	Percentage distribution		
1	87.4	85.5	86.4
2	11.1	12.6	11.9
3	1.3	1.6	1.5
4 or more	0.1	0.3	0.2
Total	100.0	100.0	100.0

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Includes veterans whose first DI claim was denied for nonmedical reasons (technical denials).

Rounded components of percentage distributions do not necessarily sum to 100.0.

Table A-14.
Last DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by medical decision and VA rating, with final DI allowance rate, as of mid-2010 (underlying data for Chart 19)

Decisions	VA rating		Total
	100%	IU	
Total	22,765	27,425	50,190
Allowances	17,753	19,592	37,345
Denials	5,012	7,833	12,845
Final DI allowance rate (percent)	78.0	71.4	74.4

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

Table A-15.
Medical decisions for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating for PTSD (underlying data for Chart 21)

PTSD rating	Allowances	Denials	Total	Allowance rate (percent)
0%	506	286	792	63.9
10%	140	55	195	71.8
30%	968	343	1,311	73.8
50%	2,262	862	3,124	72.4
70%	7,083	2,455	9,538	74.3
100%	4,328	1,516	5,844	74.1
Total	15,287	5,517	20,804	73.5

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTE: Covers DI applications filed as of mid-2010.

Table A-16.
Allowances for first DI claims filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by selected SSA primary diagnoses and VA rating for PTSD (underlying data for Chart 22)

PTSD rating	Affective disorders (2960)	Anxiety-related disorders (3000)	Other diagnoses	Total
		Number		
0%	88	53	365	506
10%	7	10	123	140
30%	62	149	757	968
50%	262	689	1,311	2,262
70%	1,204	3,811	2,068	7,083
100%	850	2,404	1,074	4,328
Total	2,473	7,116	5,698	15,287
		Percent		
0%	17.4	10.5	72.1	100.0
10%	5.0	7.1	87.9	100.0
30%	6.4	15.4	78.2	100.0
50%	11.6	30.5	58.0	100.0
70%	17.0	53.8	29.2	100.0
100%	19.6	55.5	24.8	100.0
Total	16.2	46.5	37.3	100.0

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

Omits five cases with a VA rating for PTSD other than those shown.

Rounded components of percentage distributions do not necessarily sum to 100.0.

Table A-17.
Medical decisions for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating for PTSD and selected SSA diagnosis (underlying data for Chart 23)

	PTSD rating						
SSA diagnosis and decision	0%	10%	30%	50%	70%	100%	Total
Affective disorders (2960)							
Allowances	88	7	62	262	1,204	850	2,473
Denials	58	4	22	93	355	272	804
Allowance rate (percent)	60.3	63.6	73.8	73.8	77.2	75.8	75.5
Anxiety-related disorders (3000)							
Allowances	53	10	149	689	3,811	2,404	7,116
Denials	13	5	46	154	789	472	1,479
Allowance rate (percent)	80.3	66.7	76.4	81.7	82.8	83.6	82.8
Other diagnoses							
Allowances	365	123	757	1,311	2,068	1,074	5,698
Denials	215	46	275	615	1,311	772	3,234
Allowance rate (percent)	62.9	72.8	73.4	68.1	61.2	58.2	63.8
Total							
Allowances	506	140	968	2,262	7,083	4,328	15,287
Denials	286	55	343	862	2,455	1,516	5,517
Allowance rate (percent)	63.9	71.8	73.8	72.4	74.3	74.1	73.5
All cases	792	195	1,311	3,124	9,538	5,844	20,804

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTES: Covers DI applications filed as of mid-2010.

Omits five cases with a VA rating for PTSD other than those shown.

Table A-18.
Medical decisions for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating for TBI diagnosis code 8045, "residuals of traumatic brain injury" (underlying data for Chart 24)

TBI rating	Allowances	Denials	Total	Allowance rate (percent)
0%	125	61	186	67.2
10%	179	105	284	63.0
20%	10	7	17	58.8
30%	40	26	66	60.6
40%	9	2	11	81.8
50%	31	39	70	44.3
60%	7	1	8	87.5
70%	21	23	44	47.7
80%	3	2	5	60.0
100%	62	21	83	74.7
Total	487	287	774	62.9

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTE: Covers DI applications filed as of mid-2010.

Table A-19.
Medical decisions for first DI applications filed by veterans after receiving VA disability ratings of 100% or IU during fiscal years 2000–2006, by VA rating for TBI diagnosis code 9304, "dementia associated with brain trauma" (underlying data for Chart 25)

TBI rating	Allowances	Denials	Total	Allowance rate (percent)
0%	9	19	28	32.1
10%	51	22	73	69.9
30%	28	17	45	62.2
50%	46	28	74	62.2
70%	51	22	73	69.9
100%	43	23	66	65.2
Total	228	133	361	63.2

SOURCE: Authors' calculations using matched administrative records from VA and SSA.

NOTE: Covers DI applications filed as of mid-2010.

Notes

Acknowledgments: For their assistance with the research or review of this article, we acknowledge the contributions of Dat Tran, Joe Salvatore, and anonymous reviewers from the VA; and of Dean Dwight, Stephanie Walter, Art Spencer, and Bert Kestenbaum of SSA.

[1] H.R. 4054 and S. 2759, both titled the Benefit Rating Acceleration for Veteran Entitlements Act of 2009. Neither bill was enacted in 2009 and, through 2013, neither had been reintroduced.

[2] To avoid confusion, in discussing our findings we use the "%" symbol to refer to VA disability ratings and the word "percent" to refer to the shares of veterans who exhibit a given characteristic.

[3] The "Schedule for Rating Disabilities" used by the VA to set ratings levels was established by that agency specifically for rating disability claims and is maintained and updated periodically by VA.

[4] VA defines SGE as "employment at which non-disabled individuals earn their livelihood with earnings comparable to the particular occupation in the community where the veteran resides" (VA 2012). SGE has been set at the level of the poverty threshold for one person established by the Census Bureau ($11,484 in 2011). VA guidance states that marginal employment is not SGE and marginal employment exists when a person with higher earnings is in a protected environment like a family business or sheltered workshop.

[5] The decision rendered by SSA on a disability claim is not controlling to establish unemployability (or any VA decision), but it may be considered as a factor in the IU determination.

[6] Disabled veterans aged 70 or older or rated IU for at least 20 years are exempt from reporting their earnings.

[7] For a detailed description of VA disability compensation and other benefit programs, see the Web Automated Reference Material System at http://www.benefits.va.gov/warms/. For information on program participation and operations, see the *Annual Benefit Reports* at http://www.vba.va.gov/REPORTS/abr/index.asp.

[8] SSA uses an annually adjusted measure of earnings called a quarter of coverage to determine insured status. To be insured for DI, an individual must have accrued at least one quarter of coverage in each year since attaining age 22, and at least 20 quarters of coverage in the last 40 calendar quarters (or 10 years). If the individual is younger than age 31, he or she must have accrued quarters of coverage equivalent to one-half of the number of calendar quarters that have elapsed since attaining age 22, with a minimum of 6 quarters of coverage.

[9] In 10 states, a prototype decision process eliminates the reconsideration step and routes appeals directly to the hearing level.

[10] See "Veterans Benefits: Joint Applications for Social Security and Dependency and Indemnity Compensation" (38 U.S.C. § 5105), available at http://www.socialsecurity.gov/OP_Home/comp2/D-USC-38.html.

[11] For VA requirements see Murincsak v. Derwinski, 2 Vet. App. 362 (1992) and Hayes v. Brown, 9 Vet. App. 67, 73–74 (1996). For SSA requirements see SSA (2013); McCartey v. Massenari, 298 F.3d 1072 (9th Cir. 2002); and McLeod v. Astrue, No. 09-35190 (9th Cir. 2010).

[12] Certain critical data elements, such as the precise date of VA award, were missing from data for fiscal years 2007 and 2008 (and part of fiscal year 2006). Because it was not possible to determine without those data whether the DI application was filed before or after the VA award of total disability, we excluded fiscal years 2007 and 2008 from the analysis. Unfortunately, that may be a significant limitation: DI applications from MC/WWs increased from 1,330 in 2006 to 5,200 in 2007 and 8,652 in 2008 (GAO 2009). Heightened VA and SSA efforts to inform potentially

eligible veterans during those years likely played a role in that rapid increase.

[13] As mentioned earlier, this analysis focuses on DI worker benefits because the VA compensation level for veterans with a disability rating of 100% or IU would preclude eligibility for means-tested SSI payments.

[14] Disabled-worker benefits are automatically converted to retired-worker benefits when a beneficiary reaches full retirement age, which was increased over the study period from age 65 to 66.

[15] These are the classifications used by the VA to denote the periods of conflict in disability records. From the VA records, we were not able to separate disabilities attributable to service in the earlier Gulf War and the intervening period from those incurred during the more recent wars in Afghanistan and Iraq.

[16] Unless otherwise noted, "allowance rate" refers to the final allowance rate after all appeals have been exhausted.

[17] Although this article focuses on veterans up to age 65 at the time they were awarded a 100% or IU rating, for DI applications we include veterans up to FRA. A phased-in increase in the retirement age means that the FRA for veterans aged 65 in the latest (fiscal year 2006) cohort of awards would be 65 years and 4 months. Some younger veterans could have an FRA of 66, and for them, any DI applications made after age 65 would be included in the analysis.

[18] These data are based on the best available information. The reason for denial is often missing from the records for cases decided at the ALJ hearing and Appeals Council levels. At those levels, the reason for most denials is that the applicant is judged capable of performing SGA in either past work or other work.

[19] These data are based on the best available information. The reason for allowance is often missing from the records for cases decided at the ALJ hearing and Appeals Council levels, where the vast majority of cases are allowed based on medical-vocational considerations.

[20] Recall that in the 10 states operating under the prototype process, cases bypass the reconsideration level and go directly to the ALJ hearing.

[21] Interestingly, if we exclude applications for concurrent DI disabled-worker benefits and SSI payments, the overall DI worker-only allowance rate is 74 percent, higher than the allowance rates for veterans with either VA rating. Because the VA benefit disqualifies them from means-tested SSI payments (and thus from concurrent status), totally disabled veterans would apply only for DI worker benefits. Thus, these veterans may be more comparable to the overall DI worker-only population, with its higher allowance rate.

[22] Since the last year of VA allowances studied in this research, VA has amended regulations on rating TBI and has changed the procedure for assessing PTSD. Our data do not reflect those changes.

[23] The 0% rating acknowledges the presence of an impairment for which the current severity does not in most circumstances warrant a compensation payment.

[24] Thirty-nine applicants were rated for both TBI diagnoses.

References

Department of Veterans Affairs. 2012. "Disability Compensation. Individual Unemployability Fact Sheet." http://www.benefits.va.gov/BENEFITS/factsheets/serviceconnected/IU.pdf.

———. 2013. "Compensation: Veterans Compensation Benefits Rate Tables—Effective 12/1/13." http://www.benefits.va.gov/COMPENSATION/resources_comp01.asp.

[GAO] Government Accountability Office. 2009. *Social Security Disability: Additional Outreach and Collaboration on Sharing Medical Records Would Improve Wounded Warriors' Access to Benefits.* GAO-09-762. Washington, DC: Government Printing Office.

[SSA] Social Security Administration. 2012. "Program Operations Manual System (POMS) Section DI 11005.003. Field Office (FO) Instructions for Identifying Claims, Applicable Terms, and Scheduling Appointments for Military Casualty (MC)/Wounded Warrior (WW) Cases." https://secure.ssa.gov/apps10/poms.nsf/lnx/0411005003.

———. 2013. "Program Operations Manual System (POMS) Section DI 24515.008. Titles II and XVI: Considering Opinions and Other Evidence from Sources Who Are Not 'Acceptable Medical Sources' in Disability Claims; Considering Decisions on Disability by Other Governmental and Nongovernmental Agencies (SSR 06-03p)." https://secure.ssa.gov/apps10/poms.nsf/lnx/0424515008.

———. No date a. "Disability Evaluation Under Social Security. Part III—Listing of Impairments." http://www.socialsecurity.gov/disability/professionals/bluebook/listing-impairments.htm.

———. No date b. "Disability Planner: How We Decide If You Are Disabled." http://www.socialsecurity.gov/dibplan/dqualify5.htm.

[VA] *see* Department of Veterans Affairs.

Source, Form, and Amount of In-kind Support and Maintenance Received by Supplemental Security Income Applicants and Recipients

by Joyce Nicholas*

In-kind support and maintenance (ISM) is unearned income received by Supplemental Security Income (SSI) applicants and recipients in the form of food and/or shelter from anyone living within or outside their households. About 9 percent of SSI recipients have their benefit rates reduced because of ISM during any given year. Using data from the Modernized SSI Claims System (MSSICS), this article quantifies the source, form, and amount of ISM received by SSI recipients. As of October 2009, ISM recipients were more likely to receive support from outside than within their households, receive assistance in the form of shelter rather than food, and/or allege assistance equal to or less than the current ISM caps. MSSICS data also reveal that SSI recipients were more likely to receive ISM exceeding their ISM cap if they were aged and living in their own home while receiving support from outside of their households and/or in the form of shelter.

Introduction

In January 1974, Congress created the Supplemental Security Income (SSI) program, which provides income of last resort to aged, blind, and disabled persons to help them meet their basic food, clothing, and shelter needs. During December 2012, about 8.3 million persons received SSI payments (SSA 2014a). Because SSI is means tested, the Social Security Administration (SSA) must count all income and support received by an individual, including "in-kind support and maintenance" (ISM), to determine his or her monthly payment amount. SSA defines ISM as unearned income received by SSI applicants and recipients[1] in the form of food and/or shelter from anyone living within or outside their households. To determine the monetary value of ISM, SSA requires applicants and recipients to answer detailed questions about their household members and expenses: how they divide household expenses and what help they get from others within or outside of their households. About 9 percent of SSI recipients have their benefit rates reduced because of ISM during any given year (SSA 2013, Table 8).

ISM policies have several equity, incentive, and administrative issues. Many experts in this field believe that certain ISM policies place some SSI recipients at an economic advantage, while other ISM policies may discourage families from assisting low-income relatives on SSI because such contributions can result in dollar-for-dollar reductions in recipient payment amounts (SSA 2000b; Balkus and others 2009). Those authors and many others have identified ISM policy as one of the leading policies that make the SSI program difficult, time-consuming, and costly to administer (Kennedy 1983; GAO 2002b; SSA 2000a,

Selected Abbreviations

CER	Characteristic Extract Record
FBR	federal benefit rate
FLA	federal living arrangement
GAO	General Accounting Office (before July 7, 2004); Government Accountability Office (beginning July 7, 2004)

* *Joyce Nicholas is a social science research analyst in the Office of Research, Demonstration, and Employment Support, Office of Retirement and Disability Policy, Social Security Administration.*

Selected Abbreviations—*Continued*

ISM	in-kind support and maintenance
MSSICS	Modernized SSI Claims System
PMV	presumed maximum value
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
VTR	value of the one-third reduction

2012b). In fact, the Government Accountability Office (GAO) and SSA's Office of the Inspector General have repeatedly identified ISM policy as a leading cause of SSI payment errors (GAO 2002a, 2002b, 2012; SSA 2000a, 2000b, 2012a, 2012b; SSAB 1999, 5). Subsequently, SSA has made ISM simplification a leading priority.

Until recently, limited information has existed to inform ISM policy and its simplification. Available ISM publications have left the following four perennial ISM questions unanswered:

- How many SSI applicants and recipients alleged receiving ISM from within and/or outside of their households?
- What proportion of SSI recipients alleged receiving ISM in the form of food and/or shelter?
- What proportion of SSI recipients alleged obtaining ISM exceeding the amount deducted from their federal benefit rate?
- To what extent did the total ISM alleged vary by ISM source and form, as well as by age group of SSI recipients?

The existing literature does not quantify several facets of ISM because of the absence of detailed ISM research data.

For over 20 years, SSA has used the Modernized Supplemental Security Income Claims System (MSSICS) to administer the SSI program. I used administrative data from the MSSICS to quantify the source, form, and amount of ISM received by SSI recipients. This article provides basic statistics about the ISM that SSI recipients acquire from others. More importantly, it answers the four noted questions so policy and decision makers can make data-driven decisions as they strive to simplify ISM policy and minimize SSI payment errors. Subsequent articles will describe the household composition of recipients who receive ISM and may explore ISM policy options for simplifying the SSI program.

Program Background

The SSI program provides a basic monthly national income guarantee, called the federal benefit rate (FBR), to children and adults with disabilities (including blind persons) as well as the aged (persons 65 or older).

SSI Program Eligibility

To be eligible for SSI, all applicants must meet income and resource requirements.[2] In addition to the federal SSI payment, some states provide supplemental benefits to their residents (SSA 2013).[3]

Financial eligibility requirements. The law requires SSA to reduce the monthly SSI FBR dollar for dollar by the amount of the individual's "countable" income—that is, income minus all applicable exclusions. SSI financial eligibility rules require that the countable income (after any applicable exclusions) of applicants and recipients be less than the current FBR plus any available state supplement. In certain situations, SSA also considers the income of other individuals who live with the applicant when determining eligibility for the program. This includes spouses who are not eligible for SSI and parents if the applicant is younger than age 18.

Disability requirements. The disability test for children requires the applicant to have a medically determinable impairment (or a combination of impairments) resulting in "marked and severe functional limitations." However, the disability test for nonaged adults is the same as that used for the Disability Insurance (DI) program covered under Social Security and requires that the applicant be blind or have a physical or mental impairment that prevents him or her from engaging in any substantial gainful activity (SGA).[4] The identified impairment must also have lasted or be expected to last for a continuous period of at least 12 months or to result in death. For 2014, the SGA standard is $1,070 per month for nonblind persons and $1,800 per month for blind persons (SSA 2014c). However, the SGA rate for blind individuals is not applicable to SSI recipients, but rather for blind participants in the DI program.

Payment Amounts

SSA uses a "couple"-FBR unit for recipients who live with an eligible spouse and an "individual"-FBR unit

for all other recipients to determine the recipient's eligibility and payment amount. For 2014, the monthly individual FBR is $721, while the monthly couple FBR is $1,082 (SSA 2014b). SSA generally adjusts the individual and couple FBRs annually for inflation. Many states augment the federal SSI payment by offering some SSI recipients a state supplemental payment. In sum, a recipient's monthly SSI payment is equal to the applicable FBR plus any applicable state supplement, minus any countable income (after any applicable exclusions).

How does SSA apply ISM to determine payment amounts*?* The agency must reduce payments if an applicant or a recipient has countable earnings or other income, including ISM.[5] The rationale for reducing benefits by the value of the ISM received is that persons receiving food and/or shelter assistance need less help fulfilling their basic needs than those without such support.

Current ISM rules require applicants and recipients to answer detailed questions about household composition and expenses as well as the contributions toward household expenses made by themselves and/or those living in the household. SSA collects ISM-related information from recipients during their initial application interview and after a change of address, household composition, or household expenses.

Two phases compose the ISM evaluation process. During the first phase, claims representatives identify which of the four (A, B, C, or D) federal living arrangement (FLA) categories the recipient belongs to (Box 1). SSA categorizes a person as living in FLA-B if he or she resides in another person's household throughout a month and receives both food and shelter from other people living in that household. The agency identifies a recipient as belonging to FLA-C if he or she is either an eligible child younger than age 18 who lives in his or her parent's household or younger than age 22 and is a full-time student. An SSI recipient belongs to FLA-D if he or she resides in a public or private medical institution throughout a month and Medicaid is paying more than 50 percent of the cost of care or, effective December 1996, if he or she is a child younger than age 18 who resides in a medical care facility in which private insurance (or a combination of private insurance and Medicaid) pays more than 50 percent of the cost of care. If an individual belongs to FLA-D, SSA does not count food or shelter from the medical treatment facility as ISM, but the agency may count ISM from other sources. The FLA-A category includes all persons for whom FLA-B, FLA-C, or FLA-D categories do not apply. SSI recipients belonging to FLA-A include the homeless; transients; persons who earmark their contributions for food or shelter; persons who live with others, but separately consume or purchase their food; and those who live in public assistance households. Although all SSI recipients may receive outside ISM, claims representatives must identify an SSI recipient's living arrangement to determine whether he or she lives with others and could receive inside ISM.

The second phase of the ISM evaluation process involves one of two ISM counting methods (Box 2). SSA applies the *value of the one-third reduction (VTR) rule* to recipients who live in another person's

Box 1.
Federal living arrangement (FLA) categories, characteristics, and descriptions

FLA category	Residence type	Description
FLA-A	Own household	A noninstitutionalized individual residing in own home in which he or she owns the home, has rental liability, or pays a pro rata share of household expenses. The FLA-A category also includes persons who are homeless or transient.
FLA-B	Another's household	A recipient living in another's home and receiving both food and shelter from the household members.
FLA-C	Parent's household	The recipient is an eligible child younger than age 18 who lives with a biological, adoptive, or step parent.
FLA-D	Medicaid institution	An eligible adult or child in a public or private medical institution, with Medicaid paying more than 50 percent of the cost of his or her care. FLA-D recipients are subject to a Supplemental Security Income (SSI) payment of $30 per month. Only 2 percent of all SSI recipients are in this group. In-kind support and maintenance is not countable for individuals who are in FLA-D.

SOURCE: SSA's *Program Operations Manual System*.

Box 2.
In-kind support and maintenance (ISM) counting rules, descriptions, and 2009 value

ISM counting rule	Description	2009 value
Value of the one-third reduction (VTR)	The first rule—VTR—reduces the federal benefit rate (FBR) by one-third if a recipient lives in another's household (or federal living arrangement (FLA)-B) and receives both food and shelter from within that household. SSA applies this reduction instead of counting the actual value of the support received.	For 2009, the VTR was $224.66 for an individual and $168.50 for each eligible spouse.
Presumed maximum value (PMV)	The second rule—PMV—applies to an individual or a couple who receive ISM and are not subject to the VTR rule. SSA developed the PMV to ensure that Supplemental Security Income recipients who are receiving ISM and belong to FLA-A or FLA-C do not face a higher benefit reduction than those who reside in another's home.	The PMV reduction was equal to one-third of one's FBR plus $20—$244.66 for an individual and $178.50 for each eligible spouse. However, SSA does permit FLA-A and FLA-C category members to rebut the full PMV if the value of the ISM support they received was less than the full PMV.

SOURCE: SSA's *Program Operations Manual System*.

household (FLA-B) throughout a month and receive *both* food and shelter from within the household. Claims representatives reduce the FLA-B recipient's FBR by one-third rather than counting the actual value of support received. If an individual or a couple receives ISM but is not subject to the VTR, SSA applies the *presumed maximum value (PMV) rule*. The agency applies this rule to an individual in FLA-A (living in own home) or FLA-C (child living with parents) generally because the recipient lives in another person's household, but does not receive both food and shelter from that person or the recipient lives in his or her own household and receives inside and/or outside ISM. The PMV is equal to one-third of the FBR plus $20 (the general income exclusion) and caps the amount of ISM that SSA counts. The agency may apply an amount less than the PMV to calculate a person's payment if the individual can show that the actual value of the ISM received is lower than the PMV.

ISM Literature

Today, a limited body of ISM literature exists. The content of available ISM research falls into one of the following topical areas: ISM policy, past simplification attempts, and prevalence of ISM—discussed in the next three sections.

ISM Policy

An SSA report on SSI, released in 2000, identifies ISM policy as being exceptional because no other federal program counts in-kind support when determining benefit eligibility (SSA 2000b). Balkus and others (2009) explain that Congress' reasoning for including ISM as countable income was to direct SSI payments to persons with the least amount of income and support. However, a substantial portion of the ISM literature criticizes ISM policies for being inequitable, complex, intrusive, and burdensome (Balkus and others 2009; GAO 2002a, 2002b; Kennedy 1983; SSA 2000a, 2000b, 2012a, 2012b; SSAB 1999, 5). Numerous publications identify ISM policy as one of the leading policies that make the administration of the SSI program difficult, time-consuming, and costly, although only 9 percent of SSI recipients have their benefit rates reduced by ISM each year (Balkus and others 2009; SSA 2000a; 2013, Table 8). Furthermore, GAO and SSA's Office of the Inspector General have repeatedly declared ISM policy as one of the leading causes of SSI improper payments (GAO 2002a, 2002b, 2012; SSA 2012a, 2012b). Balkus and others (2009) indicate that ISM policy does not treat recipients equally. For instance, recipients with higher household expenses who receive support with a higher monetary value have a lower percentage of their total ISM offset by benefit reductions than those who have lower household expenses and need less support to fulfill their needs. Balkus and others (2009) and SSA (2000a) note that ISM policies also create disincentive issues by deterring families who would like to assist low-income relatives on SSI. Finally, the Social Security Advisory Board indicates that SSA must often base ISM determinations on what is alleged by SSI applicants and recipients rather than on verifiable information, such as expense receipts (SSAB 2005).

Past Simplification Attempts

Various articles and reports highlight SSA's numerous attempts to reduce the administrative burden and errors spurred by counting ISM. For example, the agency presents several ISM options and acknowledges that implementing alternative ISM policy might simplify the SSI program, but could create other dilemmas (SSA 2000a). Several other SSA documents discuss past attempts made by the agency's managers, researchers, and legislative workgroups to develop, study, and propose new approaches for simplifying ISM policy (Balkus and others 2009; SSA 2000a, 2012b). Repeatedly, GAO (2000a, 2000b, 2012) has reported limited progress on simplifying ISM complexities and addressing the persistence of ISM-related challenges. Several sources have acknowledged that a lack of detailed and comprehensive ISM data has impeded past ISM simplification efforts and opportunities to better inform ISM policy decisions and options (SSA 2000a, 2000b; SSAB 1999, 5; 2005).

Prevalence of ISM

Although existing SSI literature provides summary ISM statistics, it does not detail the characteristics or amounts of ISM received by SSI recipients. SSA (2000a) and Balkus and others (2009) report that nearly 9 percent of SSI recipients have their benefit rates reduced because of ISM during any given year. The *SSI Annual Statistical Report, 2012* identifies ISM as the second most common source of unearned income received by SSI recipients (SSA 2013, Table 8).

Available ISM literature provides insight into the qualitative aspects of ISM policy and evaluation efforts, but falls short on providing detailed quantitative information. The current body of ISM literature leaves many questions unanswered about the source, form, and amount of ISM received by SSI recipients. This article alleviates the ISM literature gap by quantifying the ISM received by SSI participants, as of October 3, 2009, using MSSICS data.

Research Data and Methodology

For over 20 years, SSA has used the Modernized SSI Claims System to support the administration of SSI claims. I have deciphered and manipulated the content of MSSICS administrative data to support ISM research, despite that huge undertaking. My original MSSICS file (pulled on October 3, 2009) contained records for 1,120,817 SSI units identified as having positive ISM amounts recorded in certain MSSICS fields.[6] Later, I matched that original MSSICS file to the Characteristic Extract Record (CER) format of the Supplemental Security Record (SSR) to identify which SSI cases were in current-pay status within a week of the MSSICS pull date.[7] Then, I reconfigured couple-unit records to allow person-level comparisons. As a final step, I applied five selection criteria and limited my original MSSICS sample to the 53 percent of SSI recipients who were in current-pay status and alive during the week leading up to the MSSICS pull date. Appendixes A and B detail the structure, limitations, and uses of the MSSICS; my final sample selection criteria; and the methods I used for computing recipients' source, form, and amount of ISM support.

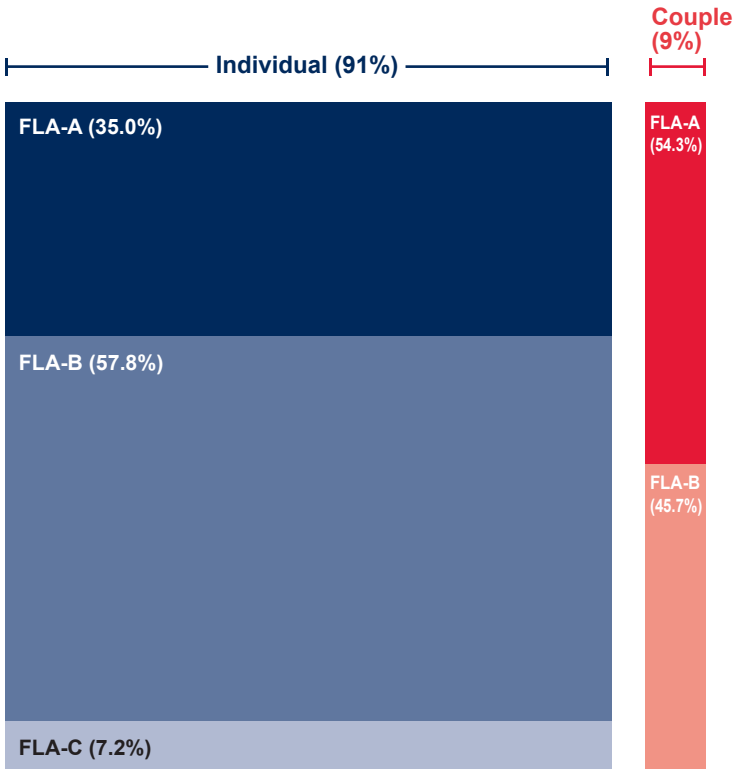
Overview of the Final Study Sample

My final MSSICS research sample consists of 611,192 recipients,[8] of which about 91 percent received SSI payments as an SSI-individual unit and 9 percent as a member of an SSI-couple unit. I focused on persons who received an individual FBR because they represent the majority of persons receiving ISM. Among my final individual-FBR sample, 35.0 percent belonged to FLA-A, an additional 57.8 percent resided in FLA-B, and the remaining 7.2 percent were in FLA-C (Chart 1).[9] From a different perspective, almost 45 percent of individuals younger than age 18 lived in FLA-C (Chart 2). The overwhelming majority (82.3 percent) of young adults aged 18 to 24 were in FLA-B, and 51.7 percent of individuals aged 25 or older were also in the FLA-B category.[10] Young adult SSI recipients comprised 18.3 percent of all individual SSI recipients who received ISM (Chart 3). I separated young adults (aged 18–24) from all other working-age (25–64) recipients to examine how those young adults fared during the years following their transition from childhood to adulthood.

Findings

My new use of MSSICS data for research purposes reveals noteworthy differences between recipients who receive support and reflects the different ISM assumptions and counting rules applicable among those individuals. As mentioned earlier, SSA determines that recipients who live in the home of another person and receive support in the form of both food and shelter are in the FLA-B category. The agency applies

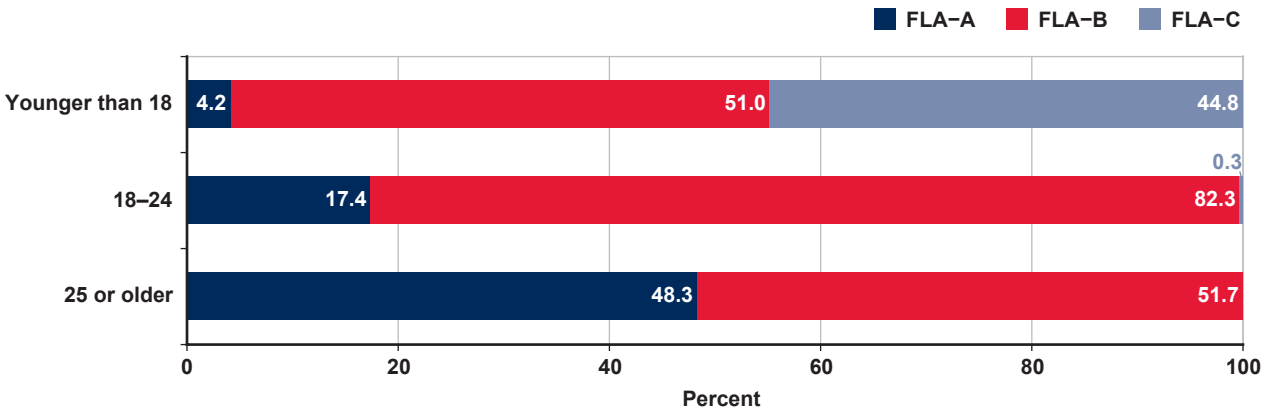
Chart 1.
Distribution of SSI recipients who received ISM, by FBR unit and FLA category, October 2009



SOURCE: Author's calculations using Modernized SSI Claims System data matched with additional SSA administrative records.

NOTES: FBR = federal benefit rate; FLA = federal living arrangement (refer to Box 1 for a description of each category); ISM = in-kind support and maintenance; SSI = Supplemental Security Income.

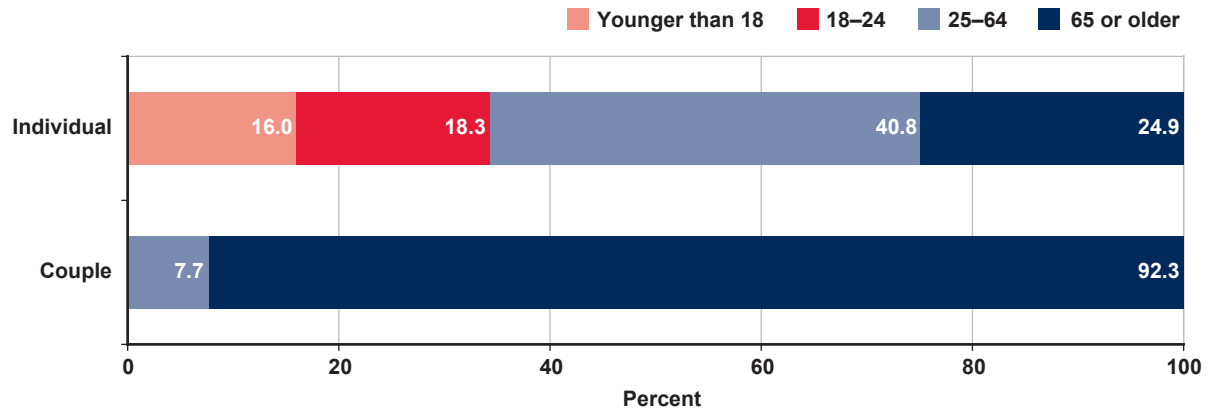
Chart 2.
FLA distribution of SSI recipients who received ISM, by age group, October 2009



SOURCE: Author's calculations using Modernized SSI Claims System data matched with additional SSA administrative records.

NOTES: FLA = federal living arrangement (refer to Box 1 for a description of each category); ISM = in-kind support and maintenance; SSI = Supplemental Security Income.

Chart 3.
Age distribution of SSI recipients who received ISM, by FBR unit, October 2009



SOURCE: Author's calculations using Modernized SSI Claims System data matched with additional SSA administrative records.

NOTES: FBR = federal benefit rate; ISM = in-kind support and maintenance; SSI = Supplemental Security Income.

the VTR rule to FLA-B members rather than counting ISM. Furthermore, SSA applies the PMV rule to all other SSI recipients receiving ISM who are not subject to the VTR rule, such as those having rental liability or ownership of their home or those paying at least their pro rata share of the household food and shelter expenses. Because SSA does not count ISM for FLA-B members, this section details the self-reported ISM of SSI recipients in categories FLA-A and FLA-C as of October 3, 2009.

Research Question 1: How Many ISM Applicants and Recipients Alleged Receiving Support from Within and/or Outside of Their Households?

SSA's ability to simplify SSI policy and reduce improper SSI payments has been contingent on its knowledge of recipients' sources of in-kind support. FLA-A and FLA-C subsample members comprised 43.3 percent of my final study sample (not shown), the majority (56.6 percent) of whom received support from only outside of their homes (Table 1). The remaining 56.7 percent of my final study sample belonged to FLA-B, and SSA applied the VTR rule rather than counting ISM (not shown).

An estimated 40.1 percent of FLA-A and FLA-C subsample members alleged receiving ISM from only inside of their homes (Table 1).[11] However, the FLA-A members were far more likely to receive ISM from exclusively within their homes than those in FLA-C (42.9 percent versus 24.0 percent).

The data in Table 1 suggest that one option for simplifying ISM policy *and* reducing improper SSI payment amounts may be to increase the efficiency of ISM evaluation efforts among FLA-A and FLA-C group members receiving ISM from outside the home.

Research Question 2: What Proportion of SSI Recipients Alleged Receiving ISM in the Form of Food and/or Shelter?

It is important to know whether individuals in FLA-A and FLA-C received support in the form of food and/or shelter because one can anticipate that the value of ISM would be greater if a person received assistance in the form of shelter rather than food. Chart 4 indicates that persons in FLA-A and FLA-C were most likely to allege receiving only shelter assistance if they received outside ISM, and they were most likely to allege receiving food and shelter assistance if they received inside ISM (86.6 percent versus 42.8 percent).[12] For persons receiving ISM from inside the household, the type of support received is not readily identifiable;[13] an estimated 31.4 percent of FLA-A members and all FLA-C members with inside ISM had an undefined-ISM type.[14]

This analysis suggests that persons receiving ISM from the outside are more likely to have ISM totals exceeding the ISM amount deducted from their FBR because they are more likely to receive shelter assistance than those receiving only inside ISM. The Research Question 4 section discusses this hypothesis.

Table 1.
FLA-A and FLA-C subsample members who received ISM, by FBR unit and ISM source, October 2009

FLA category and FBR unit	Total	ISM source			
		Undetermined [a]	Outside	Inside	Dual
			Percent		
All subsample recipients	100.0	1.2	56.6	40.1	2.1
FLA-A	100.0	1.2	53.7	42.9	2.2
Individual	100.0	1.2	53.9	42.7	2.2
Couple	100.0	0.7	53.1	44.4	1.8
FLA-C: Individual	100.0	1.8	72.5	24.0	1.7
			Number		
All subsample recipients	264,352	3,304	149,611	105,880	5,557
FLA-A	224,237	2,595	120,520	96,248	4,874
Individual	194,541	2,385	104,754	83,062	4,340
Couple	29,696	210	15,766	13,186	534
FLA-C: Individual	40,115	709	29,091	9,632	683

SOURCE: Author's calculations using Modernized SSI Claims System (MSSICS) data matched with additional SSA administrative records.

NOTES: CER = Characteristic Extract Record; FBR = federal benefit rate; FLA = federal living arrangement (refer to Box 1 for a description of each category); ISM = in-kind support and maintenance; SSI = Supplemental Security Income; SSR = Supplemental Security Record.

a. The noted cases did not have positive ISM amounts appearing in their MSSICS records, but did have ISM indicated by their matching CER/SSR records.

Research Question 3: What Proportion of SSI Recipients Alleged Obtaining ISM Exceeding the Amount Deducted from Their FBR?

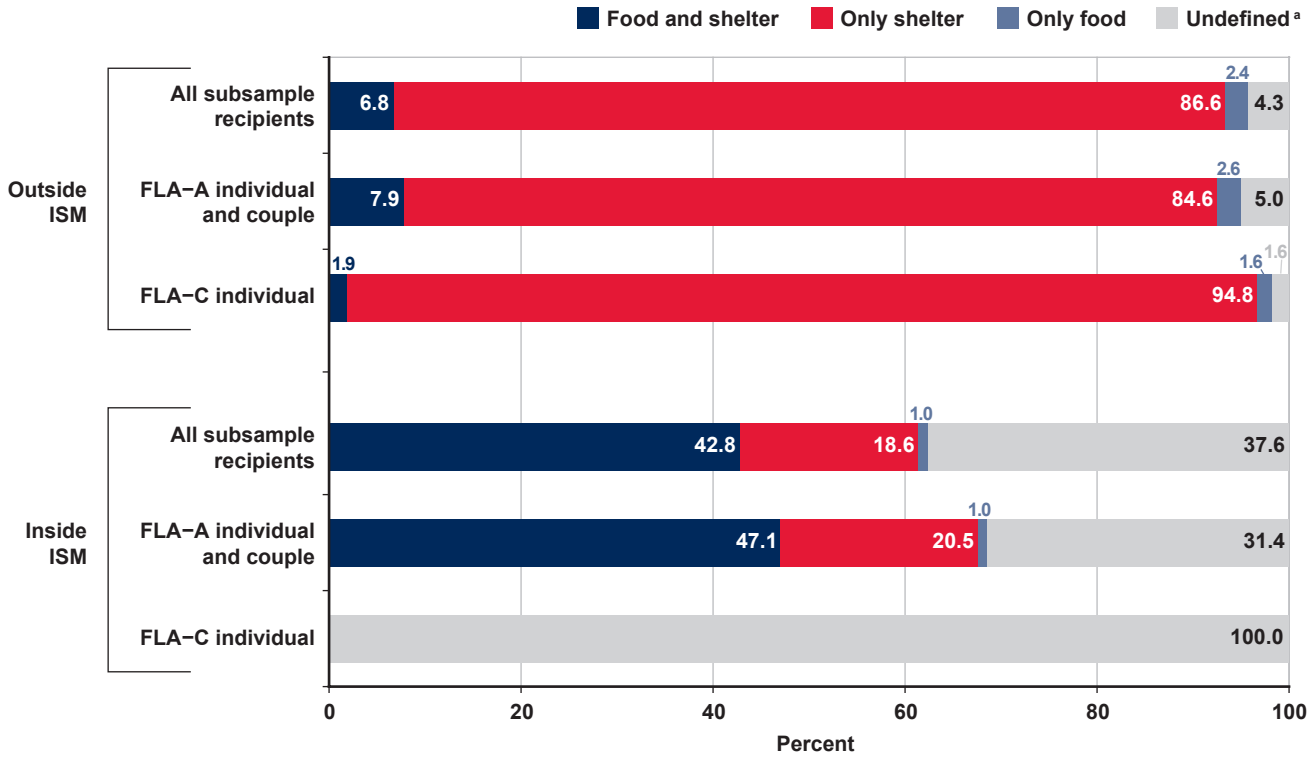
My MSSICS data present an opportunity to study the actual dollar amount of ISM allegedly received by SSI recipients and identify how many of those recipients alleged an ISM total exceeding the amount deducted from their FBR. Recall that SSA applies the VTR rule to FLA-B group members and does not count any ISM within or outside of the household. Because we do not need to calculate the actual value of support received in most cases, it is not surprising that no FLA-B MSSICS sample members had ISM totals greater than the VTR. However, FLA-A and FLA-C members may have an alleged ISM amount exceeding the PMV cap (or one-third of the FBR plus $20), even though SSA does not deduct amounts in excess of the PMV from payments.[15] As mentioned previously, the PMV cap policy has been the source of many equity issues. More explicitly, recipients with higher household expenses who receive support with a higher monetary value have a lower percentage of their total ISM offset by benefit reductions than those who have lower household expenses and need less support to fulfill their needs (Balkus and others 2009).

The current ISM cap rules create an advantage for the 31.4 percent of all FLA-A and FLA-C SSI recipients who alleged having an individual (not household) support total exceeding the PMV and did not have their FBR reduced by every dollar of ISM recorded in the MSSICS (Table 2). In fact, an estimated 13.0 percent of all FLA-A and FLA-C group members receiving ISM allegedly declared an ISM total equal to or greater than 200 percent of the PMV and had their FBR reduced by no more than 50 percent of the value of the support they had received (not shown). Meanwhile, almost half (47.1 percent) of FLA-A and FLA-C members had a "small" ISM total, less than 50 percent of the PMV (not shown) and had their FBR reduced by every dollar of ISM recorded for them.

Research Question 4: To What Extent Did the Total ISM Alleged Vary by ISM Source and Form and by Age Group of SSI Recipients?

This section sheds light on the characteristics of FLA-A and FLA-C subsample members receiving ISM who were most likely to benefit from the PMV cap. The data in Table 2 reveal that persons in FLA-A were more likely to allege support exceeding the PMV if they lived in their own home (34.2 percent) and/

Chart 4.
FLA-A and FLA-C subsample members, by ISM type and source and FBR unit, October 2009



SOURCE: Author's calculations using Modernized SSI Claims System (MSSICS) data matched with additional SSA administrative records.

NOTES: FBR = federal benefit rate; FLA = federal living arrangement (refer to Box 1 for a description of each category); ISM = in-kind support and maintenance.

Rounded components of percentage distributions do not necessarily sum to 100.

a. The noted cases did not have specific-ISM types indicated in their MSSICS records.

or alleged outside ISM (41.5 percent). The table also shows that FLA-A members receiving inside *and* outside (dual) support were most likely to allege ISM totals exceeding the PMV (67.6 percent), but those individuals represented no more than 4 percent of persons with ISM totals above the PMV cap (not shown). Over half (55 percent) of those benefiting from the PMV cap were FLA-A, individual SSI recipients alleging outside support (not shown). I also examined FLA-A, individual-FBR SSI recipients receiving ISM by age group and their source of ISM support.

Of the 98.8 percent of FLA-A, individual-FBR SSI recipients who alleged outside and/or inside ISM (Table 1), I found that the aged (65 or older) subset was most likely to allege ISM totals greater than the PMV, while the young adult (18–24) subset was least likely to do so (40.8 percent versus 23.6 percent), as shown in Table 3. The subset for children (younger than age 18) was the most likely to allege assistance exceeding the PMV cap among those alleging only outside ISM, while the aged subset (65 or older) was most likely to do so among those alleging only inside ISM (61.6 percent versus 27.5 percent). The latter findings are most likely the result of at least 90 percent of child SSI recipients who belonged to FLA-A and were receiving outside ISM and at least 70 percent of aged SSI recipients who belonged to FLA-A and were receiving inside-ISM assistance in the form of shelter (not shown).

These analyses suggest that aged, FLA-A SSI recipients were most likely to benefit from the current PMV cap provision because at least 80 percent of them received outside ISM and/or assistance in the form of shelter (not shown). These findings reaffirm my earlier hypothesis that SSI recipients receiving outside ISM are more likely to have ISM totals greater than the PMV if they receive assistance in the form of shelter.

Table 2.
FLA-A and FLA-C subsample members who alleged total ISM > PMV, by FBR unit and ISM source, October 2009

FLA category and FBR unit	Total	ISM source			
		Undetermined [a]	Outside	Inside	Dual
			Percent		
All subsample recipients	31.5	0.0	36.8	23.1	66.0
FLA-A	34.2	0.0	41.5	24.2	67.6
Individual	34.8	0.0	44.3	22.0	69.7
Couple	30.0	0.0	22.5	38.6	50.9
FLA-C: Individual	16.5	0.0	17.6	11.7	54.5
			Number		
All subsample recipients	83,232	0	55,103	24,460	3,669
FLA-A	76,616	0	49,986	23,333	3,297
Individual	67,736	0	46,450	18,261	3,025
Couple	8,880	0	3,536	5,072	272
FLA-C: Individual	6,616	0	5,117	1,127	372

SOURCE: Author's calculations using Modernized SSI Claims System (MSSICS) data matched with additional SSA administrative records.

NOTES: FBR = federal benefit rate; FLA = federal living arrangement (refer to Box 1 for a description of each category); ISM = in-kind support and maintenance; PMV = presumed maximum value; SSI = Supplemental Security Income.

a. The noted cases did not have positive ISM amounts appearing in their MSSICS records, but did have ISM indicated by their matching CER/SSR records.

Table 3.
FLA-A subsample members who received SSI payments as FBR individual units and alleged total ISM > PMV, by ISM source and age group, October 2009

ISM source	Total	Age group			
		Younger than 18	18–24	25–64	65 or older
			Percent		
All subsample recipients	34.5	32.5	23.6	32.8	40.8
Outside	44.3	61.6	32.8	41.8	51.0
Inside	22.0	11.8	16.3	20.6	27.5
			Number		
All subsample recipients	64,711	1,172	4,039	35,415	24,085
Outside	46,450	924	2,492	25,987	17,047
Inside	18,261	248	1,547	9,428	7,038

SOURCE: Author's calculations using Modernized SSI Claims System data matched with additional SSA administrative records.

NOTES: FBR = federal benefit rate; FLA = federal living arrangement (refer to Box 1 for a description of each category); ISM = in-kind support and maintenance; PMV = presumed maximum value; SSI = Supplemental Security Income.

Conclusions

This groundbreaking MSSICS research has provided valuable insight on the incentive, equity, and administrative issues associated with current ISM policies. First, this study reveals that over half of FLA-A and FLA-C SSI recipients receive ISM support from persons living outside of their homes. Second, most recipients receiving outside-ISM support obtain that support more often in the form of shelter rather than food (Chart 4). Third, an estimated 47.1 percent of FLA-A and FLA-C subsample members receiving ISM alleged individual ISM totals less than 50 percent of the PMV cap (not shown), while an additional 31.5 percent alleged ISM totals greater than the PMV cap and did not incur a dollar-for-dollar reduction of benefits because of ISM received (Table 2). Also, my MSSICS data show that SSI recipients receiving ISM were more likely to receive support exceeding the PMV cap if they were aged members of the FLA-A category—recipients who received support from outside of their households and/or in the form of shelter (Table 3). In conclusion, this research presents new insights on the source, form, and amount of ISM received by SSI applicants and recipients and how SSA policy and decision makers can use MSSICS data to understand complex policy issues when considering alternative options.

Appendix A: Research Data for the MSSICS and ISM Evaluation Process

For most SSI cases, SSA claims representatives use the MSSICS to gather, record, and update SSI claims information and to support SSI administrative efforts, such as the ISM evaluation.[16] During the initial interview process, those representatives navigate through several MSSICS computer screens, while recording information provided by applicants or third parties. A person's application type or posteligibility event determines which MSSICS screens or paths a representative must navigate. SSA has programmed over 20 MSSICS screens to support the FLA and ISM evaluation process, but not all screens apply to every applicant or recipient. Therefore, some MSSICS fields have skip patterns. The MSSICS confirms eligibility and calculates an applicant's or a recipient's benefit rate after claims representatives record sufficient information about the claim to make a determination or enter information about a posteligibility event, such as a change in address, household composition, or household expenses (SSA 2001). Essentially, the MSSICS is a dynamic system because it is a constantly changing pending file that serves as a repository for claims representatives to use in creating permanent SSI records.

The MSSICS captures only information gathered during the ISM evaluation process that is necessary to determine benefit eligibility and payments. Recall that SSA's ISM policy involves identifying a recipient's FLA and applying one of two ISM counting methods. Claims representatives first use the MSSICS to determine a recipient's FLA during the ISM evaluation process (Box 1). (Thirteen MSSICS screens directly support the determination of one's living arrangement.) Thereafter, representatives use the MSSICS to gather the information needed to determine the amount of chargeable ISM (Box 2). For FLA-A and FLA-C group members, claims representatives use the MSSICS to determine the specific amount or type of ISM (that is—food, shelter, or both) received by those recipients along with their contribution to household expenses. SSA needs this information to determine a recipient's pro rata share of household food and shelter expenses and whether a representative should reduce that recipient's FBR by the PMV or a lesser amount. The agency determines that recipients who live in another person's household and receive both food and shelter assistance from within the home are in the FLA-B payment category. SSA reduces the applicable FBR by the VTR. Claims representatives do not complete any ISM development for FLA-B members, but instead reduce their benefits by the VTR.

Limitations of MSSICS Data

The MSSICS provides the most comprehensive ISM data and maintains a database of information with more detail than the CER format of the SSR. In addition to collecting information about individuals who apply for SSI as well as information about the parents if the applicant is a minor (younger than age 18), SSA uses the MSSICS to collect information on persons who are ineligible to receive payments, but who are part of a family in which someone does receive SSI payments (for example, ineligible spouses, children, others). The agency retains information on the value of resources in the MSSICS to determine eligibility. In the context of ISM evaluation efforts, the MSSICS indicates the amount of support received by most individuals in FLA-A and FLA-C, identifies whether support originated inside or outside of a recipient's home, and specifies for the majority of persons receiving ISM whether they received assistance in the form of food and/or shelter. MSSICS records also reflect what segments of the ISM evaluation process an SSI

recipient receiving ISM participated in during an initial or posteligibility interview. Furthermore, those records show a household member's relationship to a recipient (that is—parent, child, spouse, and so forth). In contrast, the SSR provides monthly SSI records, but only flags a record if an SSI recipient had a positive ISM amount recorded and if he or she had the monthly payment reduced under the VTR or PMV rule (Panis and others 2002, chap. 6).

Like most data sources, the MSSICS has limitations. The MSSICS is a dynamic system that only reflects the characteristics of pending cases on the day that SSA staff members pull a set of records. The MSSICS does not provide data for past SSI recipients or reflect any subsequent updates made to incomplete cases. The system does not provide data on the current-pay status of recipients or whether they were alive on the pull date of their records. Furthermore, one can only acquire ISM data through the MSSICS for a point in time because extract files are unavailable; this access restriction greatly impedes researchers who wish to examine ISM trends. For the most part, MSSICS data do not capture all of the information that recipients or third parties provide to claims representatives during the ISM evaluation process, unless SSA needs that information to determine eligibility and payment amounts. For instance, SSA applies the VTR rule and does not count ISM if an individual belongs to FLA-B during an entire month and receives both food and shelter from the household. The system does not record uniform information among SSI recipients with ISM because of the different MSSICS screens or paths applicable to different groups. The data are unverified and largely based on the anecdotal evidence supplied by recipients or third parties. Despite there not being a corresponding MSSICS record for every SSI case, MSSICS data best equip SSA to quantify the ISM received by SSI recipients and to inform policymakers who wish to simplify SSI administration and avoid SSI payment errors.

ISM Study Data

My original MSSICS file provides a snapshot of the source, form, and amount of ISM received by SSI recipients, as of October 3, 2009. That file contained records for 1,120,817 SSI units. I matched my MSSICS file with the CER format of the SSR[17] to verify which cases involved persons who were alive, had positive ISM records, and were in current-pay status at approximately the same time as the October 2009 MSSICS pull date.[18] Matching MSSICS and CER/SSR records revealed that nearly 47 percent of my original MSSICS sample were not in current-pay status, alive, and/or receiving ISM during the week agency staff pulled my MSSICS file.[19] Surprisingly, one out of eight SSI units (140,281 in all) had matching CER/SSR files indicating that the unit head was deceased before the MSSICS file's October 3, 2009, pull date. In addition, less than 2 percent of my original sample had matching MSSICS *and* CER/SSR ISM files equal to zero. Linking MSSICS with CER/SSR data enabled me to ensure that all final study individual-unit and couple-unit sample members were alive *and* eligible for SSI during the week leading up to October 3, 2009.

MSSICS Sample Selection Criteria

I selected my final study sample using five criteria:

1. FLA status;
2. Death date;
3. Payment status;
4. Presence of a positive MSSICS or CER/SSR ISM amount; and
5. Receipt of an individual or a couple FBR.

First, I retained MSSICS cases for individuals who belonged to FLA-A, FLA-B, or FLA-C and had matching CER/SSR records indicating that they were alive and were in current-payment status during the week immediately preceding October 3, 2009. Second, I omitted the portion of my original MSSICS file that involved FLA-A or FLA-C SSI units with matching MSSICS and CER/SSR ISM records equal to zero because SSA did not reduce those persons' FBR using the VTR rule, as was the case for their FLA-B counterparts. Third, I differentiated remaining SSI units by whether their members had received SSI payments as individuals or as eligible spouses. Next, I duplicated SSI couple-unit records and divided their recorded values in half to establish a record for each eligible spouse, so I could make person-level FBR comparisons among individual-unit and couple-unit SSI recipients and compare my estimates with those appearing in the *SSI Annual Statistical Report* (SSA 2013). Last, I verified that my couple (or eligible-spouse) subsample comprised only SSI recipients who were *both* alive and receiving SSI payments under the couple FBR during the week of October 3, 2009. Subsequently, my final study sample comprised 556,472 individual units and 54,720 couple units, which totaled 611,192 SSI recipients.

Appendix B: Research Methodology Used in Identifying Sources and Type of ISM and Calculating ISM Amounts

In this section, I describe my methods for computing recipients' source, form, and amount of ISM.

Outside ISM is food and/or shelter provided to an SSI recipient by at least one person living outside of the recipient's household. Outside ISM may also include rent-free shelter or a rental subsidy (reduced rent). Inside ISM, on the other hand, is food and/or shelter provided to an SSI recipient by persons within the household. If the household does not cover all of the recipient's shelter and food costs, the ISM is treated as outside ISM.

Determining Outside ISM

Determining receipt of outside ISM is relatively straightforward. The MSSICS records the form (that is, food and/or shelter) and amount of support received from someone outside the household. I calculated outside-ISM amounts by summing the six outside-ISM values recorded for FLA-A and FLA-C individual and couple SSI units on the MSSICS outside-ISM screen. Then, I divided each eligible spouse's outside-ISM total in half to compute the amount received by each eligible spouse.

Determining Inside ISM

The value of inside ISM received by an SSI recipient is dependent on his or her household shelter and food expenditures, separate-food-consumption and purchasing status, and his or her contribution to household expenses. Recipients can receive inside ISM provided they do not live alone, reside only with an ineligible parent or spouse, and/or belong to a public assistance household. Therefore, all noted inside-ISM numbers pertain to the members of my final sample who belonged to FLA-A or FLA-C and resided with at least one ineligible household member.[20] I initiated my inside-ISM calculations by dividing FLA-A and FLA-C sample members living with at least one ineligible household member into two groups:

1. Recipients who shared their food expenses with all members of their household (59.4 percent); or
2. Recipients who either consumed all of their meals outside of their household or purchased their food separately from their household members (40.6 percent).

For FLA-A and FLA-C sample members who shared food expenses equally with their household members, I based their inside-ISM amounts on their personal share of total household food and shelter expenses minus their personal contribution toward household expenses. As for FLA-A and FLA-C sample members who separately consumed their meals or purchased their food separately from their household members, I based their inside-ISM amounts on their personal share of total shelter expenses minus their personal contribution toward household expenses.[21]

Identifying Outside-ISM Type

It is also straightforward to determine the type of outside ISM received by persons not living in the household of another. I simply referred to the six fields of the MSSICS outside-ISM screen that specify the type of outside ISM received. I identified SSI recipients as acquiring only food outside ISM if their positive outside-ISM flags were only equal to "1" (denoting food), and I classified SSI recipients with outside-ISM flags all equal to "2" (denoting shelter) as having only shelter outside ISM. I then categorized all MSSICS observations as receiving food *and* shelter outside ISM if they had one of the following:

1. Outside-ISM flags equal to 1 (food) and 2 (shelter); or
2. At least one outside-ISM flag equal to "4," indicating they had received food and shelter outside ISM because of a nonhousehold situation.[22]

Identifying Inside-ISM Type

Next, I investigated whether inside-ISM recipients received support in the form of food, shelter, or both. Assessing recipients' food consumption activities is essential for computing what, if any, inside-ISM amounts they received; identifying if they had received assistance in the form of food and/or shelter; and determining their FLA. I immediately classified FLA-A and FLA-C recipients who lived with at least one ineligible household member as receiving inside-ISM shelter if their MSSICS records indicated they had either consumed all of their meals outside of the home or purchased their food separately from their household members. However, distinguishing inside-ISM food and shelter was more involved among the majority of recipients in FLA-A and FLA-C who shared food expenses with all of their household members. The MSSICS only distinguishes the type of inside ISM received by recipients without rental or home ownership liability because the system only allows claims representatives to record earmarked contributions for FLA-A and FLA-C sample members.

Almost half (47.3 percent) of the recipients in FLA-A and FLA-C who shared food with others had neither rental nor ownership liability for their households; 5 percent of that subset had earmarked contribution fields specifying positive amounts.

I identified the few sample members in FLA-A and FLA-C without rental or home ownership liability *and* without missing records as receiving only inside-ISM shelter if a claims representative had earmarked those individuals' personal contributions toward food, and vice versa. For members of FLA-A and FLA-C with contributions earmarked for food *and* shelter, I based their inside-ISM type on whether their food and/or shelter contributions fell below their pro rata share of total household food and shelter expenses. For example, I identified sample members with food and shelter earmarked contribution records as receiving inside-ISM shelter if their food contribution was equal to or greater than their pro rata share of total household food expenses and their shelter contribution was less than their pro rata share of total household shelter expenses. Because one cannot identify the type of inside ISM received by renters or homeowners, I classified that type of ISM as undefined. It is possible that the subgroup with undefined-ISM types received both food and shelter assistance from within their homes.

Computing ISM Amounts

One of my research objectives was to identify the proportion of October 2009 SSI recipients who received ISM from inside and/or outside their households.

I based my MSSICS outside-ISM counts on the number of recipients who had at least one positive outside-ISM field.[23] Nearly 27 percent (n=162,202) of my final study sample had outside-ISM amounts greater than zero; almost 80 percent (n=127,018) of that group belonged to the FLA-A category.

Calculating the proportion of SSI recipients who received inside ISM was more involved. Those calculations required examining SSI recipients' household member counts, household shelter and food expenditures, separate-food-consumption and purchasing status, and their personal contribution toward household expenses. I initiated my inside-ISM computations by dividing SSI recipients into two groups: (1) those who ate all of their meals in their household and shared food purchases with their household members, and (2) those who either ate all meals outside of the household *or* separately purchased their food. For the first group (n=541,359), I set their inside-ISM amount to their pro rata share of total household expenditures minus their personal contribution toward household expenses. For individuals separately consuming or purchasing food (n=74,933), I calculated their inside-ISM amount as being equal to their pro rata share of their total household shelter expenses minus their personal contribution toward household expenses. I found that 25.9 percent (n=159,831) of my final study sample had MSSICS records indicating that they had received positive inside ISM.[24]

Notes

[1] In this article, I use the term "applicant" when referring to persons who submit an SSI application, but are not necessarily eligible for payments. However, I use the term "recipient" when referring to persons who have had SSA allow their SSI application and provide them with SSI payments.

[2] SSI program rules exclude the first $20 per month of income from all sources, the first $65 of any monthly earned income (up to a maximum of $85 if the applicant or recipient does not have any unearned income), and half of any additional earnings beyond $65. Generally, resources cannot exceed $2,000 for an SSI-individual unit and $3,000 for an SSI-couple unit, but SSA does not count one's home and automobile or certain other resources.

[3] State supplementation can be optional or mandatory. As of 2012, 44 states and the District of Columbia provided optional payments in recognition of the variations in living costs from one state to another and for the special needs of some individuals. Some states must maintain the income levels from December 1973 of persons transferred from the former state adult assistance programs to the SSI program in 1974. Only a few individuals continue to receive mandatory state supplementary payments.

[4] SSA defines SGA as the level of work activity that is productive and yields or usually yields remuneration or profit. Agency regulations establish a dollar amount to indicate whether a person's work is substantial.

[5] SSA does not charge an eligible child with ISM for the food and shelter provided by the parent. Instead, the agency uses a process called deeming to account for the financial support provided by a parent.

[6] SSI units comprise either a person receiving an individual-unit FBR or two eligible spouses who live together while receiving a couple-unit FBR.

[7] The CER/SSR master file maintains information on all persons who have ever applied for Title XVI (SSI) and provides information on persons who are, or who have been, eligible for SSI payments or who are ineligible spouses or parents of an SSI recipient and living in the same household. Furthermore, the MSSICS does not indicate the pay status of recipients because SSA uses it as a temporary repository for the information needed to determine if an applicant or recipient has received ISM.

[8] My final study sample does not capture everyone who received ISM during 2009. That outcome is the result of the MSSICS not providing information about completed ISM cases or subsequent updates to incomplete cases. As a result, my MSSICS data provide a partial picture of the nature and amount of ISM received by those SSI units included in my study file and the larger SSI population.

[9] All recipients residing in FLA-C (or a parent's home as a child) received an FBR as an individual.

[10] SSA's SSR data indicate that approximately 12 percent of SSI recipients were aged 18 to 24 as of December 31, 2009 (not shown).

[11] Some cases did not have MSSICS records with a positive ISM amount, but all of them had matching CER/SSR data confirming ISM receipt.

[12] For the subsequent analysis, I have combined the FLA-A sample receiving individual-unit and couple-unit FBRs.

[13] The category "Undefined" refers to cases without specific-ISM types indicated in their MSSICS records (Chart 4).

[14] This finding is the result of current ISM evaluation procedures not requiring claims representatives to document whether a recipient received support in the form of food, shelter, or both, unless the recipient alleges an earmarked contribution for food or shelter. FLA-A and FLA-C cases have a positive inside-ISM amount if a household member who is not a deemor pays more than his or her pro rata share of household expenses.

[15] In 2009, the PMV was $244.66 for an individual and $178.50 for each eligible spouse (Box 2).

[16] SSA does not use the MSSICS when a case warrants manual processing or involves an applicant or recipient whose name, birthdate, or Social Security number is unknown. Consequently, some of those cases do not have a corresponding MSSICS record.

[17] The CER format of the SSR provides a cross-sectional, current image of the SSR at the time of extraction (Panis and others 2002).

[18] Relative to my MSSICS file's October 3, 2009, pull date, the most recent CER/SSR data available were for September 26, 2009.

[19] The CER/SSR master file maintains information on all persons who have ever applied for SSI and provides information for those who are, or who have been, eligible for SSI payments or who are ineligible spouses or parents of a recipient and living in the same household. However, the MSSICS only contains nonpay records because SSA uses it as a temporary repository for the information needed to determine if an applicant or recipient has received ISM.

[20] An estimated 67.5 percent of all FLA-A and FLA-C individuals and eligible spouses lived with at least one household member who was not an eligible spouse.

[21] More FLA-A cases purchased food separately than did FLA-C cases (47.9 percent versus 19.3 percent).

[22] A "nonhousehold situation" involves an SSI recipient living in a care situation (that is, foster care or a noninstitutional care facility) in which his or her food and shelter is paid for by one fee and cannot be valued separately. Furthermore, recipients with outside-ISM flags equal to 4 could also have flag values equal to 1 and/or 2.

[23] I divided the outside-ISM total of each SSI-couple unit in half to generate the ISM amount received by each eligible spouse.

[24] Nearly 40 percent of positive inside-ISM sample members had MSSICS records indicating that they had consumed or purchased food separately from their other household members.

References

Balkus, Richard, James Sears, Susan Wilschke, and Bernard Wixon. 2009. "Simplifying the Supplemental Security Income Program: Options for Eliminating the Counting of In-kind Support and Maintenance." *Social Security Bulletin* 68(4): 15–39.

[GAO] General Accounting Office. 2002a. *Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue.* Report to the Commissioner of Social Security, GAO-02-849 (September 16). Washington, DC: GAO. http://www.gao.gov/products/GAO-02-849.

———. 2002b. *Supplemental Security Income: Status of Efforts to Improve Overpayment Detection and Recovery.* Testimony Before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives, GAO-02-962T (July 25).Washington, DC: GAO. http://www.gao.gov/products/GAO-02-962T.

[GAO] Government Accountability Office. 2012. *Supplemental Security Income: SSA Has Taken Steps to Prevent and Detect Overpayments, but Additional Actions Could Be Taken to Improve Oversight.* Report to Congressional Requesters, GAO-13-109 (December 14). Washington, DC: GAO. http://www.gao.gov/products/GAO-13-109.

Kennedy, Lenna D. 1983. "Unearned Income of Supplemental Security Income Recipients, May 1982." *Social Security Bulletin* 46(5): 3–6.

Panis, Constantijn, Ronald Euller, Cynthia Grant, Melissa Bradley, Christin E. Peterson, Randall Hirscher, and Paul Steinberg. 2002. *SSA Program Data User's Manual [RAND Manual].* Prepared by the RAND Corporation (contract no. PM-973-SSA) for the Social Security Administration.

[SSA] Social Security Administration. 2000a. *Simplifying the Supplemental Security Income Program: Challenges and Opportunities.* SSA Pub. No. 13-005. Washington, DC: Office of Policy.

———. 2000b. *Social Security: The SSI Program at the Millennium*. SSA Pub. No. 62-003. Washington, DC: Office of Policy.

———. 2001. *Establishing Living Arrangements and Value of In-Kind Support and Maintenance for Supplemental Security Income Recipients*. Evaluation Report No. A-05-99-21002. Baltimore, MD: Office of the Inspector General.

———. 2012a. *Major Causes of Improper Payments.* Reducing Improper [SSI] Payments Report. Baltimore, MD: SSA. http://www.socialsecurity.gov/improperpayments/SSI_majorCauses.html.

———. 2012b. *Social Security Administration Performance and Accountability Report, Fiscal Year 2012: Improper Payments Information Detailed Report*. Baltimore, MD: SSA. http://www.socialsecurity.gov/finance/2012/Improper%20Payments.pdf.

———. 2013. *SSI Annual Statistical Report, 2012*. Washington, DC: SSA. http://www.socialsecurity.gov/policy/docs/statcomps/ssi_asr/2012/index.html.

———. 2014a. *Annual Statistical Supplement to the Social Security Bulletin, 2013*. Washington, DC: SSA. http://www.socialsecurity.gov/policy/docs/statcomps/supplement/2013/index.html.

———. 2014b. "SSI Federal Payment Amounts For 2014." http://www.socialsecurity.gov/OACT/COLA/SSI.html.

———. 2014c. "What's New in 2014?" http://www.socialsecurity.gov/redbook/newfor2014.htm.

[SSAB] Social Security Advisory Board. 1999. "Statement on the Supplemental Security Income Program." In the *Annual Report of the Supplemental Security Income Program*. Washington, DC: SSA (May). http://www.socialsecurity.gov/OACT/ssir/SSI99/ssi1999.pdf.

———. 2005. "Statement on the Supplemental Security Income Program." In the *Annual Report of the Supplemental Security Income Program*. Washington, DC: SSA (May). http://www.socialsecurity.gov/OACT/ssir/SSI05/ssi2005.pdf.

The Social Security Windfall Elimination and Government Pension Offset Provisions for Public Employees in the Health and Retirement Study

by Alan L. Gustman, Thomas L. Steinmeier, and Nahid Tabatabai*

This article uses Health and Retirement Study data to investigate the effects of Social Security's Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) on Social Security benefits received by households. The provisions reduce benefits for individuals or the dependents of individuals whose work histories include jobs for which they were entitled to a pension and were not subject to Social Security payroll taxes ("noncovered" employment). We find that about 3.5 percent of households are subject to either the WEP or the GPO, and that the provisions reduce the present value of their Social Security benefits by roughly one-fifth. Households affected by both provisions experience benefit reductions of about one-third. Under the WEP, the Social Security benefit reduction is capped at one-half of the amount of the pension from noncovered employment, which substantially reduces the WEP penalty and prevents the WEP adjustment from falling disproportionately on households in the lowest earnings category.

Introduction

The Windfall Elimination Provision (WEP), enacted in 1983, reduces Social Security benefit payments to beneficiaries whose work histories include both Social Security–covered and noncovered employment, with the noncovered employment also providing pension coverage. To be affected by the WEP, an individual must have worked in covered employment long enough to qualify for Social Security benefits; must have also worked in noncovered employment, meaning that Federal Insurance Contributions Act (FICA) Social Security payroll taxes were not paid; and, importantly, must have earned a pension in that noncovered job. The WEP reduces the share of preretirement earnings that Social Security benefits replace. For roughly the first $10,000 in average annual earnings, the WEP reduces the replacement rate from 90 percent to as low as 40 percent, depending on years of coverage under Social Security; however, the reduction cannot exceed 50 percent of the amount of the pension received from noncovered employment.

A related provision, the Government Pension Offset (GPO), reduces Social Security benefits paid to spouses or survivors when the spouse or survivor earned a pension from a government job that was not covered by Social Security. The GPO reduction is equal to two-thirds of the amount of the pension payment from noncovered government work (SSA 2012).

Selected Abbreviations

DB	defined benefit
DC	defined contribution
FICA	Federal Insurance Contributions Act
GPO	Government Pension Offset

* *Alan L. Gustman is the Loren M. Berry Professor of Economics at Dartmouth College. Thomas L. Steinmeier is a professor of economics at Texas Tech University. Nahid Tabatabai is a research associate in economics at Dartmouth College.*

This research was supported by a grant from the Social Security Administration through the Michigan Retirement Research Center (MRRC grant no. UM13-07), with subcontracts to Dartmouth College and to Texas Tech University. A more detailed version of this article is available as NBER Working Paper No. 19724 (December 2013).

Selected Abbreviations—*Continued*

HRS	Health and Retirement Study
PIA	primary insurance amount
SSA	Social Security Administration
WEP	Windfall Elimination Provision

Although the WEP and the GPO affect only about 3.5 percent of households, the provisions may have a substantial effect on benefits in those households. Our analysis suggests that the present value of lifetime Social Security benefits for affected households is reduced by roughly one-fifth, which amounts to 5–6 percent of their total wealth. For that reason, and because the provisions leave some inequities in place, considerable political pressure has been brought to reduce their impact, with some members of Congress pressing for modifying or eliminating current law. To inform that legislative interest, the Congressional Research Service prepares annual reports on the two provisions (Scott 2013a, 2013b).

Analyzing the effects of the WEP and the GPO requires information on work history in covered employment, work history in noncovered government and nongovernment employment, and pensions from noncovered employment. It also requires household-level data to determine spouse and survivor benefits. Information on household wealth allows us to compare the Social Security and pension benefits of affected households with those of households that are not affected by the provisions, and it reveals where affected households stand in the wealth distribution.[1]

The Health and Retirement Study (HRS) contains all the required information. We estimate the relative importance of two WEP features: (1) the lower replacement rate (from 90 percent to as low as 40 percent up to the first bend point in the benefit calculation formula, described below) and (2) the limit on that reduction to an amount equal to 50 percent of the pension received from noncovered employment. We believe that our analysis provides useful information to policymakers considering changes in the WEP's current design. Similarly, we believe the findings regarding the wealth of households affected by the GPO are also of use to policymakers. Because both provisions affect only households that include a worker who has a pension from noncovered employment, those households typically have higher average combined pension and Social Security benefit income and higher total wealth than unaffected households.

The remainder of this article is arranged in five sections. The first discusses the WEP and GPO provisions in detail. The second discusses the variables needed to estimate WEP and GPO adjustments with HRS data and the reasons we used a mix of respondent and administrative data. In the third section, we estimate WEP and GPO incidence and analyze the effects of the provisions on Social Security benefits. The fourth section disaggregates the effects of the WEP into the changes that result from its two key features: (1) the reduction in the generosity of the benefit calculation formula and (2) the mitigating effects of adjustments associated with pensions earned in noncovered employment. The fifth section concludes. An appendix summarizes our methods of imputing covered earnings histories and calculating Social Security benefits.

The WEP and GPO Provisions

To understand how the WEP works, one must have a basic understanding of how Social Security benefits are determined. Benefits are based on a person's highest 35 years of covered earnings. Amounts earned at younger ages are indexed to the year the individual turns age 60; those from subsequent years are not. Indexed covered earnings determine the basic benefit to which a worker is entitled at full retirement age, called the primary insurance amount (PIA). The Social Security benefit formula is designed to be progressive, replacing a decreasing share of earnings at higher earnings levels. In 2013, the PIA replaced 90 percent of the first $9,492 of average indexed annual earnings, plus 32 percent of average indexed annual earnings between $9,492 and $57,216, plus 15 percent of average indexed annual earnings above $57,216.[2] The indexed earnings levels at which the formula's replacement percentages change are called the "bend points." Each year, the Social Security Administration (SSA) adjusts the bend points according to changes in the national average wage. The actual Social Security benefit payment does not necessarily equal the PIA; the payment amount also depends on when benefits are claimed. Benefits claimed before reaching full retirement age are reduced below the PIA level, and those claimed after the full retirement age are increased above the PIA level.

Congress enacted the WEP to eliminate a perceived unintended windfall for certain beneficiaries

(Government Accountability Office 2007, 6). Years worked in noncovered employment are treated as years of zero earnings for purposes of calculating Social Security benefits. Before the WEP was enacted, some individuals who received relatively high earnings throughout their lifetime—some from covered employment and some from noncovered employment—were treated in SSA's earnings history calculations as if they were low earners, which entitled them to a higher replacement rate under the progressive Social Security benefit formula.[3]

Because an affected worker's own benefits are reduced by the WEP, Congress might have decided also to reduce the benefits paid to the worker's spouse or survivor. Legislators did reduce associated spouse benefits, but opted not to reduce survivor benefits.[4]

Although most noncovered employment consists of government jobs, most government employees are covered by Social Security.[5] "According to the [SSA], as of December 2012, about 1.5 million Social Security beneficiaries were affected by the WEP" (Scott 2013b, 3).

Unlike the WEP, which can apply to any noncovered employment, the GPO applies specifically to government workers.[6] "In December 2011, about 568,000 Social Security beneficiaries (about 1% of all Social Security beneficiaries) had spousal benefits reduced by the GPO" (Scott 2013a, 3).

In the absence of the GPO, the spouse or survivor of a covered worker would be treated more favorably if he or she had worked in noncovered government employment than if he or she had worked only in covered employment (Diamond and Orszag 2003). The differing treatment would stem from dual entitlement provisions that apply when a beneficiary receives benefits based on both one's own earnings record and that of his or her spouse. If an individual's own-earnings benefit is less than the full spouse benefit (which is roughly equal to one-half of the primary earner's benefit), dual entitlement "tops up" that individual's own-earnings benefit to the level of the full spouse benefit. The top-up provision also applies for dual-entitlement survivor benefits (which equal the primary earner's full benefit). Thus, if not for the GPO, a spouse who earned a government pension from a lifetime of noncovered (and non-FICA taxpaying) work would also be eligible for the full Social Security spouse or survivor benefit, rather than the smaller benefit calculated as a top-up over own-earned benefits (SSA 2012).[7]

WEP and GPO Interactions at the Household Level

The effects of WEP and GPO adjustments depend on the employment history of each spouse, whether either spouse worked in both the public and private sectors, whether public-sector work was covered by Social Security, and whether noncovered jobs provided pensions. Either spouse, or both, may have worked long enough in a job covered by Social Security to be entitled to benefits, while also having worked in a noncovered job that provided a pension. Alternatively, either spouse may have worked only in one or more jobs covered by Social Security; or, he or she may not have worked long enough to be covered by Social Security, while never working in a noncovered job.

There are eleven possible combinations of paired earnings histories. Each scenario involves a different adjustment to own-work, spouse, or survivor benefits that may or may not be affected by the WEP or the GPO.[8]

For example, in one basic scenario, the husband worked in a noncovered job with a pension and gained entitlement to Social Security benefits from covered employment. The wife, with no substantial earnings in either covered or noncovered employment, is not entitled to Social Security benefits based on her own earnings record. In this case, the husband's own benefit is adjusted by the WEP, and the amount of the wife's dual-entitlement top-up is equal to either the spouse benefit (after adjusting the husband's benefit for the WEP) or the survivor benefit (not adjusted for the WEP).

In a more complicated example, both the husband and wife worked in a noncovered job with a pension, and both also gained entitlement to Social Security benefits from covered employment. For each spouse, own-earnings benefits are first adjusted by the WEP. The wife's top-up to the spouse benefit based on her husband's earnings in covered employment starts with one-half of his WEP-adjusted benefit, from which her own benefits are subtracted; then, two-thirds of the pension from her own noncovered work is subtracted from the remainder. If she is widowed, the top-up to her survivor benefit starts with her husband's full benefit (not adjusted for the WEP), minus her own-work benefits, with two-thirds of the pension from her own noncovered work subtracted from the remainder. The same calculations determine any top-up to a husband's spouse or survivor benefit based on his wife's covered earnings.

Pensions from Noncovered Work Limit WEP and GPO Adjustments

Congress did not go as far as it might have in setting the WEP and GPO adjustments on Social Security benefits. For the WEP, Congress recognized that the progressivity of the benefit formula enabled persons who spend part of their career in noncovered work to receive a proportionately better deal from Social Security. Nevertheless, Congress was unwilling to mechanically reduce basic Social Security benefits just because a person had also worked in noncovered employment.[9] That is, Social Security benefits are not reduced simply because a person who worked in noncovered employment consequently enjoys a higher ratio of Social Security benefits to Social Security taxes paid. Such an individual must also have earned a pension from noncovered work for benefits to be reduced under the WEP. In that instance, the benefit reduction is limited to one-half of the value of the pension from noncovered work. We will show that limiting the WEP adjustment to one-half of the value of a public pension reduces the WEP offset by more than half.

Congress also would not augment the GPO adjustment to reduce spouse or survivor benefits simply because the spouse of an entitled worker had spent significant time in a noncovered job. As with the WEP, the adjustment applies only if the individual also earned a pension from work in noncovered employment.

In sum, Congress enacted the provisions to prevent what was perceived as "double dipping." If, in addition to working long enough on a covered job to become eligible for Social Security benefits, a person worked and was provided a pension in noncovered employment, that individual's Social Security benefits (and those due to the individual's spouse or survivor) were adjusted downward.[10] Similarly, spouse and survivor benefits were adjusted downward for those whose own work was in a job not covered by Social Security, if that individual also earned a pension from noncovered employment.

Opposition to the WEP and the GPO Continues

Many affected government workers resent WEP and GPO adjustments to their Social Security benefits. Government employee associations lobby Congress to eliminate the adjustments. The potential size of the WEP adjustment underlies this opposition. In 2013, the WEP reduced the share of the first $9,492 of indexed annual covered earnings that Social Security benefits replace, from 90 percent to as low as 40 percent. That adjustment reduced the associated benefit from $8,543 per year to as low as $3,797 per year, with the maximum reduction amounting to $4,746. (For the WEP to impose the maximum reduction, the annual pension payment from noncovered work would have to be twice as large as the reduction, or $9,492—equal the first bend point for indexed earning.)

Under the GPO, the reduction may equal up to two-thirds of the value of the pension in noncovered work and may wipe out the spouse or survivor benefit entirely. For a surviving spouse who spent a lifetime in noncovered employment (for example, as a public school teacher), that may entail a benefit reduction in the tens of thousands of dollars.

The Data

Since 1992, the HRS has surveyed a representative sample of Americans aged 51 or older every 2 years. We use data from surveys of the original 1992 HRS cohort and of the Early Boomer cohort, whose members were first interviewed in 2004.[11] The HRS interview provides data on employment history, Social Security coverage, and pension coverage. During the baseline survey, respondents were asked about their current job (or last job if not currently employed), the most recent previous job that lasted 5 or more years, and two additional previous jobs that offered a pension and lasted at least 5 years. In this first interview, respondents were also asked whether they ever worked in government at the federal, state, or local level. In the third survey wave, administered to the original HRS cohort, respondents were asked about work on a job that was not covered by Social Security. In 2004, all respondents were asked additional questions about Social Security coverage, and in 2006, they were asked whether they worked for a federal, state, or local government. Information collected on the start date and end date of jobs allows us to match the period of employment with the type of employer, Social Security coverage, and pension coverage.

We matched HRS data to administrative records provided by SSA that report covered earnings in each year of work spanning the full employment period. Additional records from Form W-2 contain information on total earnings and provide detail for earnings covered by Social Security, from self-employment, and from employment not covered by Social Security (non-FICA earnings). With these data, together with the HRS self-reports, we identify the jobs that were not covered by Social Security.

We match the self-reported dates of government work with the respondent's employment history to confirm whether a particular job was government employment. Each respondent reports the dates for current, last, or previous jobs, as well as the dates worked in various levels of government. We allow an error of plus or minus 3 years on each end of the job report when declaring a job to be a match. A total of 2,168 original HRS cohort respondents and 681 Early Boomer respondents reported ever having government employment, respectively representing 20.3 percent of the 10,703 original HRS respondents and 23.4 percent of the 2,906 Early Boomer respondents who reported ever being employed.

We devoted considerable time to one particular problem. Some respondents apparently do not report that they are, or have been, state or local government employees even though they participate in state or local pension plans. Notable examples include employees of state universities, libraries, and other state or locally funded services, who receive a salary that is not directly paid by a state or local government agency.[12] The status of even some elementary or secondary school teachers may be ambiguous.

In the end, only one-half of the respondents who reported having worked in a job not covered by Social Security also reported that they were government employees.[13] Our approach is to pool information on government and noncovered employment from a number of sources, including self-reports and W-2 records. The adjustments we make for failure to report work as government employment are described more fully in our working paper (Gustman, Steinmeier, and Tabatabai 2013b).

Using matched HRS data and Social Security administrative records, we find that among the 10,703 original HRS cohort respondents who reported ever being employed, 895 (or 8.4 percent) reported ever holding a job that was not covered by Social Security. Of the 2,906 members of the Early Boomer cohort who had ever been employed, 239 (8.2 percent) reported some noncovered employment.

Based on HRS respondents' reports about their employers, we determine whether any reported pension is from covered or from noncovered employment. We calculate pension values for defined benefit (DB) plans based on reported benefits at expected retirement dates, monthly payment amounts for plans in current-pay status, and individual retirement account lump sums or monthly annuities that originated with pensions and were rolled over at termination. SSA provides a formula for converting the values of defined contribution (DC) pensions and lump-sum pension settlements into a flow. For pensions from current jobs in the baseline period, we used terminal pension values if those jobs were terminated after 1992 for the original HRS cohort and after 2004 for the Early Boomers.

Social Security benefits based on one's own earnings in a covered job are calculated by applying SSA's AnyPIA benefit estimation program to the respondent's covered earnings records. When records are not available from SSA, we impute the full record based on individual and job characteristics, including self-reported earnings and an indicator of government employment (see the appendix for further details on the imputation procedure).

Once the values of benefits based on own earnings are calculated, individual respondents are grouped into households. Own-work, spouse, and survivor benefits are calculated at the household level. For households in which members have some work in both covered and noncovered employment, at least one party is entitled to Social Security benefits, and at least one party has a pension from noncovered work, we calculate the household's WEP and GPO adjustments.

WEP and GPO Effects on Household Social Security Benefits and Wealth

We categorize households according to whether they are subject to the WEP, to the GPO, to both provisions, or to neither. As seen in Table 1, of the 7,623 households in the original HRS cohort, 292 (3.8 percent) were subject to either the WEP or the GPO. The comparable figure for the Early Boomer cohort is 3.5 percent (75 of 2,150). Among households subject to at least one of the provisions in the original HRS cohort, 48.3 percent (141 of 292) were subject to both. The figure is 36.0 percent (27 of 75) for the Early Boomer cohort.

For affected households, we calculate the lifetime value of Social Security benefits with and without WEP and GPO adjustments. Social Security benefits from covered employment are calculated by entering the beneficiary's covered earnings history and the expected benefit claiming date into SSA's AnyPIA software. For individuals who also worked in noncovered employment, AnyPIA requires the value of any pension earned. If no pension was earned on the

Table 1.
Number of households subject to the WEP or the GPO, by cohort

Cohort	Households with at least one worker subject to—			Households subject to both provisions	Total households
	WEP	GPO	Either provision		
Original HRS (1992)	282	151	292	141	7,623
Early Boomers (2004)	75	28	75	27	2,150

SOURCE: Authors' calculations based on the HRS.

noncovered job, there is no WEP adjustment. If a pension was earned, the AnyPIA program calculates the WEP adjustment, which is limited to one-half of the value of the noncovered pension. The benefits paid to the spouse of a person who is subject to the WEP are reduced to one-half of the WEP-adjusted benefit of the primary earner, with further adjustment possible depending on age at retirement. Survivor benefits are not adjusted for the WEP. The GPO adjustment is calculated by subtracting two-thirds of the value of the noncovered-work pension from the pensioner's spouse or survivor benefit.

Pension plans are central to the WEP and GPO calculations. We determine plan values using respondent reports of expected benefits for DB plans, or of DC plan balances. We then determine whether former public-sector employees who also earned Social Security benefits should have a WEP or GPO adjustment. For purposes of determining WEP and GPO adjustment amounts, pensions are valued on a monthly basis. DB plan values are derived from respondent reports of either current or expected monthly pension benefits, along with monthly annuity payments, individual retirement account balances from rolled-over plans, and lump-sum payouts. DC plan values are based on respondent reports of account values, including rollovers and lump sums. A monthly benefit is computed for DC plans and other balances using a table of actuarial values provided by SSA (2013). These computations also account for the date that Social Security benefits begin.

Our computations require three different key dates: the year in which earnings cease, the year in which Social Security benefits begin, and the year in which pension payments begin. For earnings cessation, we use either the actual date an individual left the labor force or the self-reported date when a respondent expects to stop working. If the expected date of separation is unavailable in the records, we substitute the year of attainment of age 62 or, if the respondent expected to work past age 69, the year of attaining age 70. For Social Security benefits, we assume that respondents who were current beneficiaries when first interviewed began receiving benefits in the year they attained age 62. For noncurrent beneficiaries, we use the respondent's self-reported expected date of first benefit receipt, again substituting the date of attaining age 62 if the expected date is missing and the date of attaining age 70 for those planning to defer claiming until reaching age 70 or later. For pension payments, we assume that the year of first receipt corresponds with the first year of Social Security benefits receipt. By using those assumptions, we may be unable to capture some instances in which sophisticated claimants "game" the claim process.[14] However, we do not count any pension payments received against the WEP if they are observed before the expected Social Security claiming age, so our data account for instances of gaming in which someone claimed a pension early and did not expect to claim Social Security until later.

Value of Adjustments

The present values of Social Security and pension benefits for members of both the original HRS cohort and the Early Boomer cohort are reported in 1992 dollars. We define WEP adjustments as the reduction in benefits that are due to the WEP adjustment alone. The GPO adjustment is calculated as the total effect of reducing benefits to account for both the WEP and the GPO, less the value of the WEP adjustment. Once we disaggregate the results, care is required in making comparisons between the original HRS sample, with 141 observations in even the smallest cell, and the Early Boomer cohort, where the number of observations falls to 27 for those subject to both the WEP and the GPO. Nevertheless, we do not pool the results for both samples.

Table 2 shows the lifetime average present values of Social Security benefits and WEP and GPO adjustments at the household level for members of both the original HRS cohort and the Early Boomer cohort, in 1992 dollars. In original HRS cohort households affected by either the WEP or the GPO, the average WEP adjustment amounts to $17,050 in present value. The WEP adjustment for the 141 original HRS cohort households affected by both provisions is $17,812. Households in the Early Boomer cohort experience considerably larger WEP adjustments, where benefits are reduced by $22,402 for those affected by either the WEP or the GPO. For the 27 Early Boomer households affected by both provisions, the WEP adjustment reduces benefits by $34,375.

For the original HRS cohort, among the 292 households affected by either of the provisions, the average GPO adjustment amounts to $14,101 (beyond the $17,050 reduction that was due to the WEP). Combining the two adjustments for those households reduces the present value of Social Security benefits by 24.1 percent, from $129,386 to $98,235. For the Early Boomer cohort, among the 76 HRS households affected by either the WEP or the GPO, the GPO adjustment adds $4,495 to the $22,402 WEP adjustment, reducing the present value of Social Security benefits by 18.5 percent, from $145,654 to $118,757. Among households with at least one government or noncovered employee in the original HRS cohort, the WEP and the GPO together reduce benefits by 2.5 percent (from $146,740 to $143,032), and among all households with at least one member having any earnings history, the provisions reduce benefits by 0.9 percent (from $137,130 to $135,858). Corresponding figures for the Early Boomer cohort are 1.8 percent (from $172,182 to $169,085) and 0.6 percent (from $161,305 to $160,283).

Table 3 shows how the WEP and GPO adjustments relate to the present values of lifetime Social Security and pension benefits.[15] The combined effect of the two provisions for all households from the original HRS

Table 2.
Average lifetime present value of Social Security benefits and WEP and GPO adjustments among affected households, by cohort (in 1992 dollars)

Benefit and adjustment	Households affected by either the WEP, the GPO, or both		All households with—	
	Total	Households subject to both provisions	Any government or noncovered employment	Any employment history
		Original HRS (1992)		
Social Security benefits (unadjusted)	129,386	120,143	146,740	137,130
WEP adjustment	-17,050	-17,812	-2,109	-704
Social Security benefits after WEP adjustment	112,337	102,331	144,631	136,427
GPO adjustment	-14,101	-28,805	-1,600	-569
Social Security benefits after WEP and GPO adjustments	98,235	73,526	143,032	135,858
Number of households	292	141	2,337	7,051
		Early Boomers (2004)		
Social Security benefits (unadjusted)	145,654	163,653	172,182	161,305
WEP adjustment	-22,402	-34,375	-2,579	-851
Social Security benefits after WEP adjustment	123,252	129,277	169,602	160,454
GPO adjustment	-4,495	-12,589	-518	-171
Social Security benefits after WEP and GPO adjustments	118,757	116,689	169,085	160,283
Number of households	76	27	660	2,001

SOURCE: Authors' calculations based on the HRS.

NOTE: Values do not necessarily equal the sums of or differences between rounded components.

Table 3.
Average lifetime present value of Social Security and public pension benefits and WEP and GPO adjustments among affected households, by cohort (in 1992 dollars)

Benefit and adjustment	Households affected by either the WEP, the GPO, or both		All households with—	
	Total	Households subject to both provisions	Any government or noncovered employment	Any employment history
		Original HRS (1992)		
Social Security benefits (unadjusted)	128,348	117,764	146,451	137,461
WEP adjustment	-17,105	-17,941	-2,115	-711
Social Security benefits after WEP adjustment	111,243	99,823	144,336	136,750
Combined WEP and GPO adjustment	-30,596	-45,786	-3,654	-1,257
Social Security benefits after WEP and GPO adjustments	97,752	71,978	142,797	136,204
Public pension benefits	155,401	167,149	39,939	13,568
Social Security benefits after WEP and GPO adjustments plus public pension benefits	253,154	239,127	182,736	149,773
All other pension benefits	52,324	39,543	105,425	83,351
Social Security benefits after WEP and GPO adjustments plus all pension benefits	305,478	278,670	288,161	233,124
All other assets	192,157	196,604	184,616	169,835
Total wealth	497,635	475,274	472,777	402,959
Number of households	289	138	2,313	6,938
		Early Boomers (2004)		
Social Security benefits (unadjusted)	145,805	163,653	171,695	161,617
WEP adjustment	-22,352	-34,376	-2,575	-854
Social Security benefits after WEP adjustment	123,453	129,277	169,120	160,763
Combined WEP and GPO adjustment	-26,907	-46,964	-3,100	-1,027
Social Security benefits after WEP and GPO adjustments	118,898	116,689	168,595	160,589
Public pension benefits	138,809	149,622	33,257	11,018
Social Security benefits after WEP and GPO adjustments plus public pension benefits	257,707	266,310	201,853	171,608
All other pension benefits	52,379	28,126	93,286	72,761
Social Security benefits after WEP and GPO adjustments plus all pension benefits	310,086	294,436	295,139	244,369
All other assets	197,027	170,688	205,531	183,062
Total wealth	507,113	465,124	500,670	427,431
Number of households	75	27	651	1,965

SOURCE: Authors' calculations based on the HRS.

NOTES: Values do not necessarily equal the sums of or differences between rounded components.

Households in the top 1 percent and bottom 1 percent of the wealth distribution are omitted.

cohort subject to either the WEP or the GPO totals $30,596 and reduces their benefits by 23.8 percent (from $128,348 to $97,752). The comparable group of Early Boomers absorbs a reduction of $26,907, or 18.5 percent of their benefits (from $145,805 to $118,898). Original HRS cohort households affected by both the WEP and the GPO have a $45,786 reduction in the present value of benefits, or 38.9 percent of their total Social Security benefits of $117,764. Those subject to both the WEP and the GPO from the Early Boomer cohort have a 28.7 percent reduction in their benefits ($46,964 from $163,653).

These benefit reductions are small compared with the average lifetime public pension benefits of $155,401 for members of the original HRS cohort affected by either of the two provisions and of $138,809 for the comparable group of Early Boomers. For members of the original HRS cohort affected by either provision, the adjustment ($30,596) amounts to 10.0 percent of the combined value of all pension benefits and adjusted Social Security benefits ($305,478) and to 6.1 percent of their total wealth ($497,635). Comparable reductions for members of the Early Boomer cohort amount to 8.7 percent of adjusted Social Security benefits plus total pension wealth ($26,907 of $310,086) and to 5.3 percent of total wealth ($26,907 of $507,113).

Among households in the original HRS cohort with any government or noncovered employment, or with an employment history of any kind, those reductions represent much smaller fractions of total wealth, respectively amounting to 0.8 percent ($3,654 of $472,777) and 0.3 percent ($1,257 of $402,959). Comparable reductions for members of the Early Boomer cohort are 0.6 percent ($3,100 of $500,670) and 0.2 percent ($1,027 of $427,431), respectively.

Table 4 compares total wealth and its components between households subject to the WEP or the GPO and all households. Original HRS cohort households subject to the WEP or the GPO average $102,454

Table 4.
Average household wealth by component for all households and those affected by the WEP or the GPO, by cohort (in 1992 dollars)

	Original HRS (1992)		Early Boomers (2004)	
Component	Affected households	All households	Affected households	All households
Social Security benefits (unadjusted)	128,348	131,956	145,805	156,096
Combined WEP and GPO adjustment	-30,596	-1,183	-26,906	-958
Social Security benefits after WEP and GPO adjustments	97,752	130,773	118,899	155,138
Pension benefits				
Noncovered employment	155,401	12,602	138,808	10,276
Covered employment	52,595	78,483	52,379	68,801
Adjusted Social Security benefits plus all pension benefits	305,748	221,858	257,707	234,215
Net home value	85,008	65,362	105,091	79,771
Other real estate	29,777	24,468	11,659	17,737
Business assets	5,579	19,007	13,066	14,892
Net value of vehicles	13,342	12,224	12,757	10,171
Individual retirement account assets	17,148	15,329	15,024	21,021
Other financial assets	41,032	36,934	39,428	38,931
Total	497,636	395,182	507,113	416,739
Number of households	289	7,470	75	2,107

SOURCE: Authors' calculations based on the HRS.

NOTES: Values do not necessarily equal the sums of or differences between rounded components.

Households in the top 1 percent and bottom 1 percent of the wealth distribution are omitted.

more in total wealth than do all households, and the comparable difference for Early Boomer households is $90,374. The value of pension benefits plus Social Security benefits among households affected by the WEP or the GPO far exceeds that for all households. These findings indicate that, contrary to previous claims, the adjustments do not fall disproportionately on poor households.

Although the WEP and the GPO reduce the benefits of those who worked in noncovered employment, and those who worked in noncovered employment have lower pension income from work in covered jobs than the average household, the pension from noncovered work dwarfs those differences. The lifetime values of pensions from noncovered jobs are $155,401 and $138,808 for original HRS and Early Boomer cohort households, respectively, accounting for most of the difference in total wealth between affected households and all households.

After adjusting for the WEP and GPO provisions, the average lifetime value of Social Security benefits for affected households in the original HRS cohort is 25.3 percent lower than that of all households ($97,752 versus $130,773). The entire difference, however, is the result of the offsets alone. For the Early Boomer cohort, average Social Security benefits of affected households are 23.4 percent lower than those of all households ($118,899 versus $155,138), but for that cohort, part of the difference is due to lower Social Security earnings. Still, in the absence of the WEP and the GPO, those who worked in noncovered employment would have Social Security benefits relatively similar to those of the entire population.

Disaggregating the WEP Adjustment into Two Component Effects

Previous studies sought to measure the aggregate value of WEP benefit reductions by analyzing the way the WEP alters the Social Security benefit formula for affected individuals. Those calculations overlooked the WEP adjustment's limitation to one-half of the value of pensions from noncovered work. Ignoring that limit causes the WEP adjustment to be overstated by roughly 150 percent. Moreover, as we have seen, ignoring the role of pensions from noncovered work leads to a misleading picture of where households affected by the WEP or the GPO stand financially. They are not, as some have claimed, among the poorer households.

Table 5 shows how the requirement that pensions must be received from noncovered work before the WEP or GPO is instituted affects the values of the offsets. First, the table presents the unadjusted Social Security benefit value. For the original HRS cohort, the present value of Social Security benefits without a WEP adjustment averages $76,828. With the WEP adjustment capped at one-half of the value of the pension from noncovered work, the present value of Social Security benefits is $72,619. So the average WEP adjustment for this cohort amounts to $4,209. Unadjusted and WEP-adjusted benefit numbers for the Early Boomer cohort are $81,692 and $76,892, respectively, so their average WEP adjustment amounts to $4,800.

By assuming an artificially large pension, we can isolate the size of the WEP adjustment produced by the reduction in the Social Security benefit

Table 5.
Cost of the WEP adjustment to Social Security benefits for affected households under the actual formula and a counterfactual formula in which the adjustment is not limited to one-half the value of the pension from noncovered employment (average lifetime values in 1992 dollars)

	Actual			If the WEP adjustment were not capped at one-half of the pension value			
Cohort	Unadjusted lifetime Social Security benefits	WEP adjustment	WEP-adjusted Social Security benefits	Maximum additional reduction of benefits	Maximum total reduction of benefits	Social Security benefits	Number of households
Original HRS (1992)	76,828	-4,209	72,619	-5,924	-10,133	66,695	1,105
Early Boomers (2004)	81,692	-4,800	76,892	-7,676	-12,476	69,216	266

SOURCE: Authors' calculations based on the HRS.

formula's replacement rate from 90 percent to as low as 40 percent for indexed earnings up to the first bend point. This hypothetical scenario allows us to determine the full effect of the formula change without any mitigation from the pension from the noncovered job. If the WEP adjustment were not limited to one-half of the size of the pension, the Social Security benefit for members of the original HRS cohort would drop to $66,695, a total reduction of $10,133 from the unadjusted benefit.

Thus, the limitation of the Social Security benefit reduction to one-half of the size of the pension from noncovered employment saves members of the original HRS cohort as much as $5,924 in WEP penalties, or 58.5 percent of what the penalty would be if not for the treatment of noncovered pensions. For the Early Boomers, the change in the PIA benefit formula alone would reduce benefits by $12,476, so consideration of the pension from noncovered work reduces their WEP penalty by $7,676, or by 61.5 percent.

Although pensions mitigate the effect of the WEP adjustment to Social Security benefits, pensions from noncovered employment trigger the GPO adjustment, which mechanically reduces the spouse and survivor benefits of those with a public pension by two-thirds of the value of that pension. Thus, on one hand, consideration of public pensions significantly reduces the WEP's downward adjustment to Social Security benefits for those who worked in noncovered employment; on the other hand, consideration of pensions from noncovered employment is the sole determinant of the GPO downward adjustment in spouse and survivor benefits.

Conclusions

This article investigates the effects of the WEP and the GPO on Social Security benefits received by households. Innovations in this study are central to fully understanding the nature of WEP and GPO adjustments. Unlike previous studies, we take explicit account of pensions earned on jobs not covered by Social Security, a key determinant of the size of WEP and GPO adjustments. Also unlike previous studies, we focus on the household, allowing us to incorporate the full effects of the WEP and the GPO on spouse and survivor benefits and to evaluate their effects on the preretirement assets accumulated by affected families.

Among our specific findings are the following:

- Of 7,623 households in the original HRS cohort, 3.8 percent are subject to either the WEP or the GPO. The comparable figure for the Early Boomer cohort is 3.5 percent.
- Among original HRS cohort households affected by either provision, the WEP adjustment is $17,050 and the GPO adjustment is $14,101, which combine to reduce the present value of Social Security benefits by 24.1 percent among the affected households. For the Early Boomer cohort, the WEP and the GPO combine to reduce the present value of Social Security benefits by 18.5 percent among affected households.
- For members of the original HRS cohort affected by the WEP or the GPO, benefit reductions amount to 10.0 percent of the value of the pension plus Social Security benefits they in fact receive, and to 6.1 percent of their total wealth. Comparable reductions for members of the Early Boomer cohort amount to 8.7 percent of total Social Security plus pension wealth and to 5.3 percent of total wealth.
- By far the largest impact is on households affected by both provisions. Those from the original HRS cohort face a $45,786 reduction in present-value benefits, or 38.9 percent of their total Social Security benefit. Those subject to the WEP and the GPO from the Early Boomer cohort see their benefit reduced by 28.7 percent.

We also decompose the effects of the WEP adjustment into two components: (1) the reduction that is due to the use of a lower replacement rate up to the first bend point in the PIA formula and (2) the mitigation of that adjustment by the pension. Limiting the reduction in the Social Security benefit to one-half of the size of the pension from noncovered employment reduces the WEP penalty for members of the original HRS cohort by $5,924 (58.5 percent). For the Early Boomers, the uncapped reduction in the replacement rate would lower benefits by $12,476, so limiting the adjustment to one-half of the value of the pension from noncovered work reduces the WEP penalty by $7,676 (61.5 percent).

We also discuss the rationale for the WEP and GPO adjustments to Social Security benefits under current law. The law is designed to address a number of perceived inequities when workers in jobs not covered by Social Security also become eligible for Social Security own-earnings benefits or spouse or survivor benefits.

The law does meet a number of its purposes. However, the limitation of the WEP offset to one-half of the value of the pension mitigates the effects of this

adjustment. This system is most advantageous for individuals who benefit from the progressive Social Security benefit formula, have worked in both covered and noncovered employment, and have become entitled to a Social Security benefit—but who have little or no pension from noncovered work. Those individuals experience only modest WEP and GPO adjustments. Consequently, they enjoy a higher rate of return on the Social Security taxes they paid than do those who worked continuously in covered jobs because the years worked in noncovered employment count as zero-earnings years.

It has been argued that the WEP adjustment disproportionately affects low-wage workers because it is applied only up to the first bend point of average indexed earnings. However, that argument ignores the effect of limiting the WEP adjustment to one-half of the value of the pension earned on the noncovered job. Social Security benefits will be affected only if the individual has earnings high enough to generate a large pension from government or other noncovered employment. Consequently, those who criticize the design of the WEP and the GPO on distributional grounds exaggerate their case. This is not to say, however, that there is no case for redesign.

In addition, the law does not address all potential inequities. The GPO adjustment seems fair when comparing two two-earner households with identical earnings histories. In one, both spouses always worked in covered employment and paid payroll taxes. In the other, the lower-paid spouse worked in noncovered employment and thus did not pay FICA taxes. In the absence of the GPO, that latter household would not have the spouse benefit's top-up reduced by the primary earner's own Social Security benefits, as is standard for dually entitled beneficiaries. That household would therefore receive higher spouse and survivor benefits than the household with covered employment only. On the other hand, the GPO seems to be quite unfair to that latter two-earner household when compared with a one-earner household in which the nonearner receives the full spouse or survivor benefit. In both of these households, the primary earner paid Social Security taxes while the spouse did not. Yet the spouse in the one-earner household will receive full spouse and survivor benefits, and the other will have spouse and survivor benefits reduced or eliminated. At the heart of this problem is the disparate treatment that favors one-earner over two-earner households, regardless of whether the lesser earner in the two-earner household worked in noncovered or only in covered employment.[16]

We close with a number of caveats affecting our estimates of the WEP and GPO adjustments. First, respondents underreport the extent to which they work for a government employer. To partially deal with that underreporting, we count a respondent as working for the government if there is a self-report of having worked for a federal, state, or local government employer, or if the respondent reported working in a noncovered job. But not all jobs that are not covered by Social Security are government jobs. Second, as we explain in our more detailed working paper, we find small inconsistencies in the Social Security records that we use to identify covered and noncovered employment. Third, throughout the analysis, we calculate the WEP and GPO adjustments using respondent self-reports about expected pension values, which we link to noncovered employment. The Government Accountability Office (2007) indicates that affected workers do not always accurately report government pension income to SSA. To the extent that government pensions are underreported to SSA, we overstate the size of the WEP and GPO adjustments. Fourth, we do not account for behavioral responses to the WEP and GPO, as affected respondents and members of their households react to the incentives created by these policies. It is, of course, unclear how many respondents understand these incentives and make their employment and benefit election choices with these incentives in mind.

Appendix: Imputations of Covered Earnings Histories and Calculation of Present-Value Social Security Benefits

Our analysis uses records for HRS respondents who gave explicit permission to allow their Social Security earnings records to be matched to the basic survey instrument. We impute benefit amounts for those without a matched earnings record. We calculate Social Security benefits from data on yearly covered earnings for individuals in the 2004 survey year using SSA's AnyPIA program.

To impute the earnings for a respondent without a matched Social Security earnings history,[17] we use a "nearest-neighbor" approach. We run a regression for individuals who have a matched earnings record, with total earnings from the earnings record as the dependent variable. Independent variables are taken from the respondents' reports to the HRS.[18] The nearest neighbor is then selected based on predicted total earnings from a sample that includes individuals both with and without matched earnings records. We then

replace the missing record with the nearest neighbor's entire Social Security record.

We also impute characteristics of the spouses who were absent in the survey by constructing an index based on the spouse's sex, respondent's age, and household earnings and assets. We use that index to sort the data. We then replace the absent spouse's missing record with the nearest neighbor's entire Social Security record, along with other information such as retirement date, entitlement date, values of an index that identifies noncovered employees, and donor spouse's monthly pension amount. We treat the observation for which a value was imputed as if the earnings record and other information had never been missing.

The AnyPIA software requires monthly pension amounts to be entered for respondents with both covered and noncovered jobs. We calculate pension amounts from those jobs and impute the missing values. We convert the defined contribution account balances and the defined benefit plan lump sums to a monthly amount based on the age at which the respondent starts to receive the benefit and the award year (SSA 2013).

We use the estimated PIA to calculate the present value of Social Security benefits and discount that value back to the survey year based on the individual's own earnings record and on his or her spouse and survivor benefits. In calculating and discounting the benefit values, we use a life table and consumer price index and nominal interest rate tables from the *2010 Annual Report of Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (Tables V.B1 and V.B2).

Notes

Acknowledgments: We would like to thank Robert Clark, Irena Dushi, Howard Iams, and Erzo Luttmer for helpful comments; and Mike Nolte for advice on HRS data.

[1] The Social Security Administration, Government Accountability Office, and Congressional Research Service have used administrative data to report the number of individuals affected by the WEP and the GPO and the dollar values of those offsets. However, administrative data have not been used to analyze the impact of the provisions at the household level. Without household-level data, it is not possible to analyze how the WEP and GPO interact and how the associated benefit adjustments relate to household pensions and total wealth accumulated by retirement age.

[2] Social Security benefits and the earnings levels used to calculate them are typically expressed as monthly amounts, but to facilitate the discussion of our analysis later in the article, we use annual values.

[3] A similar problem involving immigrants has not yet been addressed by a policy change. Gustman and Steinmeier (2000) show that certain immigrants who spend fewer years working in the United States (and thus fewer years in covered employment) enjoy a higher rate of return on the payroll taxes they pay than do U.S.-born retirees with comparable earnings histories. For example, comparing households with similar earnings and wealth profiles, the authors find the ratio of Social Security benefits to taxes is 0.855 for U.S.-born households, 0.935 for immigrant households overall, and 1.480 for more recently arrived immigrant households. Indeed, immigrants with high average annual earnings, but only a decade or so of covered employment, enjoy a replacement rate of up to 90 percent on the FICA taxes they pay, despite having similar annual earnings and wealth as U.S.-born beneficiaries. The authors also discuss a simple policy fix for this problem.

[4] For further discussion of the WEP, see SSA (2014). Brown and Weisbenner (2013) thoroughly analyze the incentives created by the WEP's adjustment to the PIA. They do not, however, examine the implications of the limit on the WEP adjustment to one-half of the value of the pension from noncovered employment.

[5] Quoting Brown and Weisbenner (2013), "approximately one fourth of all public employees in the U.S. do not pay Social Security taxes on the earnings from their government job ([Government Accountability Office] 2007). This includes approximately 5.25 million state and local workers, as well as approximately 1 million federal employees hired before 1984 ([General Accounting Office] 2003)."

[6] We will show later that HRS respondents have difficulty in determining whether they work for the government. Therefore, we assume the GPO adjustment applies to any job reported as not covered by Social Security.

[7] Although the GPO addresses one type of inequity, it creates another. Consider two households. Household 1 reflects the traditional model of a family typical of the era when Social Security was established, in that all work is undertaken by a primary earner in covered private-sector employment. By design (with some minor adjustments), a spouse who never worked is entitled to a benefit equal to one-half of the primary earner's benefit, or equal to the full benefit should the primary earner die. In household 2, one spouse works in noncovered employment and earns a pension, while the other works in covered employment. The worker with a pension from noncovered employment may lose spouse and survivor benefits because of the GPO. In both households, the spouse who was not the primary earner paid no FICA payroll taxes, but the spouse in household 2 who worked in noncovered government employment and earned a pension will receive a much smaller spouse or survivor benefit (if any) than the spouse in household 1, who did not work at all.

[8] In the working paper from which this article is adapted, we detail each of the scenarios (Gustman, Steinmeier, and Tabatabai 2013b).

[9] This was partly because of the difficulties of measuring earnings from noncovered employment. Brown and Weisbenner (2013) point out that SSA did not collect data on earnings from noncovered employment before 1978 and therefore the agency could not adjust benefits for noncovered earnings in those years.

[10] Congress tempers the reduction in benefits for those who, despite having worked in noncovered employment, also worked for many years in covered employment. The WEP penalty is reduced if an individual worked in covered employment for more than 20 years and is eliminated if an individual was covered by Social Security for at least 30 years. For persons with between 20 and 30 years in covered employment, the WEP penalty is reduced on a prorated basis.

[11] The original HRS cohort comprises respondents who were born during 1931–1941. Members of the Early Boomer cohort were born during 1948–1953.

[12] It is easy to see why some respondents who work in a publicly supported institution that is part of the state retirement system may correctly note that the job is not covered by Social Security and yet consider the job nongovernment employment. Consider a person who works for a state university and thus does not work directly for the state. Tuition may be at least as important a source of revenue for the university as direct support from the state. In such a case, it is not immediately clear whether researchers should classify the job as government employment, or even whether the respondents themselves should.

[13] Agricultural workers and railroad employees are also not covered by Social Security; however, our sample includes only a few of these individuals.

[14] Depending on the work history, marital status and history, and other circumstances in a household, some claimants can optimize their benefits by adjusting the timing of their retirement, when they claim their pensions, and when they claim their Social Security benefits.

[15] The number of observations in Table 3, unlike those in Table 2, exclude households in the top and bottom 1 percent of wealth holding. As a result, the values in Table 3 differ slightly from the corresponding cells in Table 2.

[16] For studies of the effects of spouse and survivor benefits on redistribution fostered by the Social Security benefit formula, see Gustman and Steinmeier (2001) and Gustman, Steinmeier, and Tabatabai (2013a). Conventional wisdom greatly overstates the redistribution fostered by the progressive benefit formula.

[17] We made separate imputations for married individuals if both were interviewed and for individuals who were divorced, widowed, or never married. We also imputed the earnings of spouses of divorced respondents for whom we had no information and for widowed individuals.

[18] The covariates we use in imputing earnings include work and earnings characteristics and demographic characteristics. Work and earnings characteristics include annual earnings from current job, tenure on longest and current jobs, total years worked, number of jobs (total and lasting 5 or more years), industry and occupation of current job, union membership, whether a public employee, whether insured for benefits at the normal retirement age, labor force and disability status, and self-employment status in 2004. Demographic characteristics include age; whether U.S.-born; home ownership; and indicators of marital status, including number of marriages and divorces, widowhood, length of longest marriage, and number of children.

References

Brown, Jeffrey R., and Scott J. Weisbenner. 2013. "The Distributional Effects of the Social Security Windfall Elimination Provision." *Journal of Pension Economics and Finance* 12(4): 415–434.

Diamond, Peter A., and Peter R. Orszag. 2003. "Reforming the GPO and WEP In Social Security." *Tax Notes* November 3: 647–649.

General Accounting Office. 2003. "Social Security: Issues Relating to Noncoverage of Public Employees. Testimony Before the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives. Statement of Barbara D. Bovbjerg." GAO-03-710T.

Government Accountability Office. 2007. "Social Security: Issues Regarding the Coverage of Public Employees. Testimony Before the Subcommittee on Social Security, Pensions, and Family Policy, Committee on Finance, U.S. Senate. Statement of Barbara D. Bovbjerg." GAO-08-248T.

Gustman, Alan L., and Thomas L. Steinmeier. 2000. "Social Security Benefits of Immigrants and U.S. Born." In *Issues in the Economics of Immigration,* edited by George Borjas, 309–350. Chicago, IL: University of Chicago Press.

———. 2001. "How Effective Is Redistribution Under The Social Security Benefit Formula?" *Journal of Public Economics* 82(1): 1–28.

Gustman, Alan L., Thomas L. Steinmeier, and Nahid Tabatabai. 2013a. "Redistribution Under the Social Security Benefit Formula at the Individual and Household Levels, 1992 and 2004." *Journal of Pension Economics and Finance* 12(1): 1–27.

———. 2013b. "The Social Security Windfall Elimination and Government Pension Offset Provisions for Public Employees in the Health and Retirement Study." NBER Working Paper No. 19724. Cambridge, MA: National Bureau of Economic Research. http://www.nber.org/papers/w19724.

Scott, Christine. 2013a. *Social Security: The Government Pension Offset (GPO).* CRS Report No. RL-32453. Washington, DC: Congressional Research Service.

———. 2013b. *Social Security: The Windfall Elimination Provision (WEP).* CRS Report No. 98-35. Washington, DC: Congressional Research Service.

Social Security Administration. 2012. "Government Pension Offset." SSA Publication No. 05-10007. http://www.socialsecurity.gov/pubs/EN-05-10007.pdf.

———. 2013. "Program Operations Manual System (POMS) Section RS 00605.364: Determining Pension Applicability, Eligibility Date, and Monthly Amount." https://secure.ssa.gov/apps10/poms.nsf/lnx/0300605364.

———. 2014. "Windfall Elimination Provision." SSA Publication No. 05-10045. http://www.socialsecurity.gov/pubs/EN-05-10045.pdf.