

RDRC Focal Area Listing for FY 2019

Focal Areas for Year 1 of the Cooperative Agreement (FY19 papers): Focal areas are more narrowly defined topics for research. In Year 1, SSA will specifically be looking for research that addresses:

- *Disability incidence in the population.* Changes in population health and function can lead to meaningful changes in DI applications and awards and affect the fiscal status of the OASDI system. Understanding cohort trends in health and function can provide important insights about the level and composition of the insured population that could seek benefits, their duration on the program if they receive an award and the potential for work if they do not. Measuring function and interpreting survey data intended to capture the concept is a challenge. For example, the degree that a condition affects function versus the conduct of defined social roles (i.e., work) can confound the connection between health and disability. Are there distinguishable age-cohort trends in function (e.g., physical, mental, and cognitive), and what are the factors driving changes in the composition of function in the population? What are the factors of geographic variation among the disabled population (e.g., health status, unemployment rates)? How might geographic variation affect national program policy?
- *Labor force participation.* Age-adjusted labor force participation rates are at low levels for reasons that are not yet fully understood. While aging and pre-recession trends explain most of the decline, many studies that have sought to explain the remainder have focused on rather specific factors that might influence participation, such as age, disability, or some social factors. One example is the connection with education, finding that an increase in school enrollment offset some of the decline. Another is the research showing that mental and physical health are factors associated with not participating in the labor force—a factor also associated with the use of pain medication. What are the driving causes of the current relatively low labor force participation rate?
- *Measuring sources of income and adequacy.* One of the main purposes of Social Security is to provide assured basic income during retirement. There is a considerable amount yet to learn about the measurement of retirement income adequacy, the evolving risks to economic security, and how future beneficiary cohorts will fare. Evaluating the adequacy of income for supporting needs while living with a health-based work limitation or in retirement requires data on the sources and significance of specific types of financial and in-kind resources. Research should take a broad view of the retirement portfolio, looking at all sources of economic security, as well as the spectrum of resource needs to address financial risks, including long-term care. Further, income and wealth data have been the subject of recent discourse on the quality of self-reported income data collected in surveys. More analysis is required to identify the specific areas that may be deficient and identify remedies.
- *Informing projections.* Projected SSA program costs are very sensitive to economic and demographic assumptions and are of ongoing interest to the agency. Projections require continual refinement based on recent interest rate trends, shifts in labor-force participation, and changing mortality factors as well as updates to the weights assigned to these and other variables along the projection horizon. Research in this area informs the development of key assumptions that influence the estimates of the status of our programs. Specific questions include 1) what guidance does the existing evidence provide on current and future interest rates and what does the empirical literature report on recent rates as well as forecasting/expectations? 2) what are the drivers of disability rates (e.g., possible explanations for the recent decline in DI applications)?
- *Communication and behavior.* Social and behavioral research has shown that the presentation and comprehension of information can affect decision-making. SSA communicates with workers, claimants, and beneficiaries through many modes and channels (e.g. the ssa.gov

website, the Social Security statement, etc.). Beneficiary comprehension of program rules can drive behavior (i.e. claiming and employment decisions) in important ways that can influence long-term welfare. More research is needed to understand gaps in knowledge and how knowledge is employed in key decisions related to retirement and disability programs.

- *Program interactions with the Affordable Care Act (ACA).* The ACA expanded access to Medicaid and provided incentives for uncovered individuals to purchase health insurance. These changes (as well as other aspects of the law) may alter incentives to work or claim OASDI benefits. Several researchers have sought to use the ACA-initiated policy changes to examine the influence of health insurance on these outcomes. Early findings show that the ACA led to more insured people but had little measurable change in outcomes such as DI applications or OASI claims. However, the current research may be capturing a transition period and longer-term effects of the ACA on these outcomes may arrive over time. We seek research examining longer-term effects of the ACA.
- *State and local government pensions.* State and local government pension plans (the majority of U.S. defined-benefit plans) cover approximately 19.5 million participants and represent an important resource for the 28 percent of state and local government workers not covered by Social Security. The Great Recession's impact on asset returns coupled with the historic levels of plan contributions raise concerns about these plans having insufficient funds to cover benefit payments. Failure of these plans could negatively affect the retirement resources of state and local pensioners. State and local government plan challenges could also have spillover effects on the Social Security system. We seek analyses of the vulnerabilities of the system to both beneficiaries and SSA.
- *Vocational grid.* The protocol for determining DI awards is a multi-stage process: individuals who do not qualify as disabled under medical listings and who are unable to engage in their previous work move to the medical-vocational grid for evaluation. The grid creates categories based on distinct levels of physical limitations, skill, age, and education/literacy. Research might inform the prescribed grid outcomes, which were established many years ago. By design, the grid rules produce discontinuities in outcomes based on categorical divisions (e.g., age 54 and 55), and allowance is generally more likely at older ages. However, life expectancy is improving, labor force participation at older ages has increased, and educational attainment and the types of employment people from different educational strata occupy has shifted. Research on changes in work capacity over time can help inform grid structure and outcomes, with a specific focus on changes in education, work at older ages, and the changing nature of the labor force as it relates to the physical capacity required for work.