Comparison of the Features of UI, DI, and WC

Characteristic	UI	DI	WC
Qualifying Event	Job loss, job search	Disability	On-the-job injury
Duration	26-65 weeks	Indefinite	Indefinite (if verified)
Difficulty of verification	Job loss: easy Search: impossible	Somewhat difficult	Very difficult
Average after tax replacement rate	47%	60%	89%
Variation across states	Benefits and other rules	Only disability determination	Benefits and other rules

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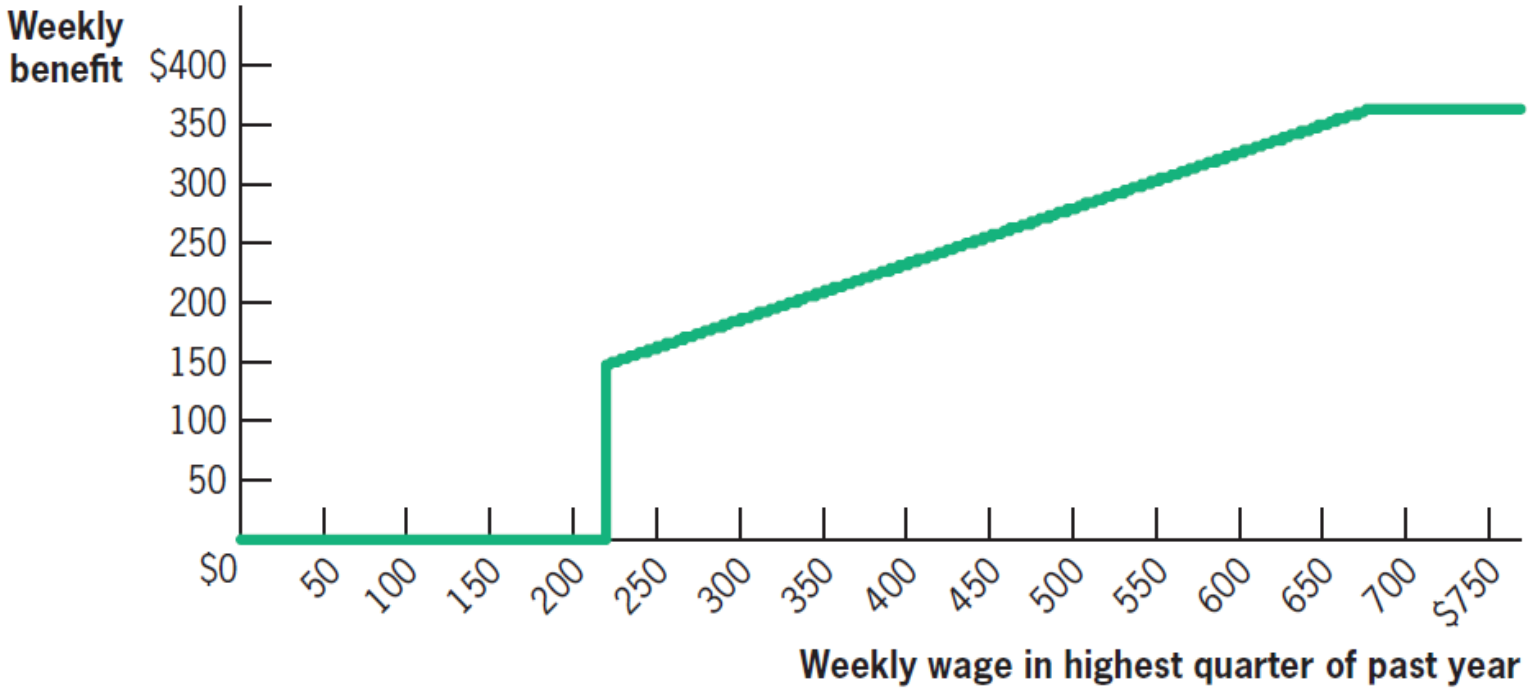
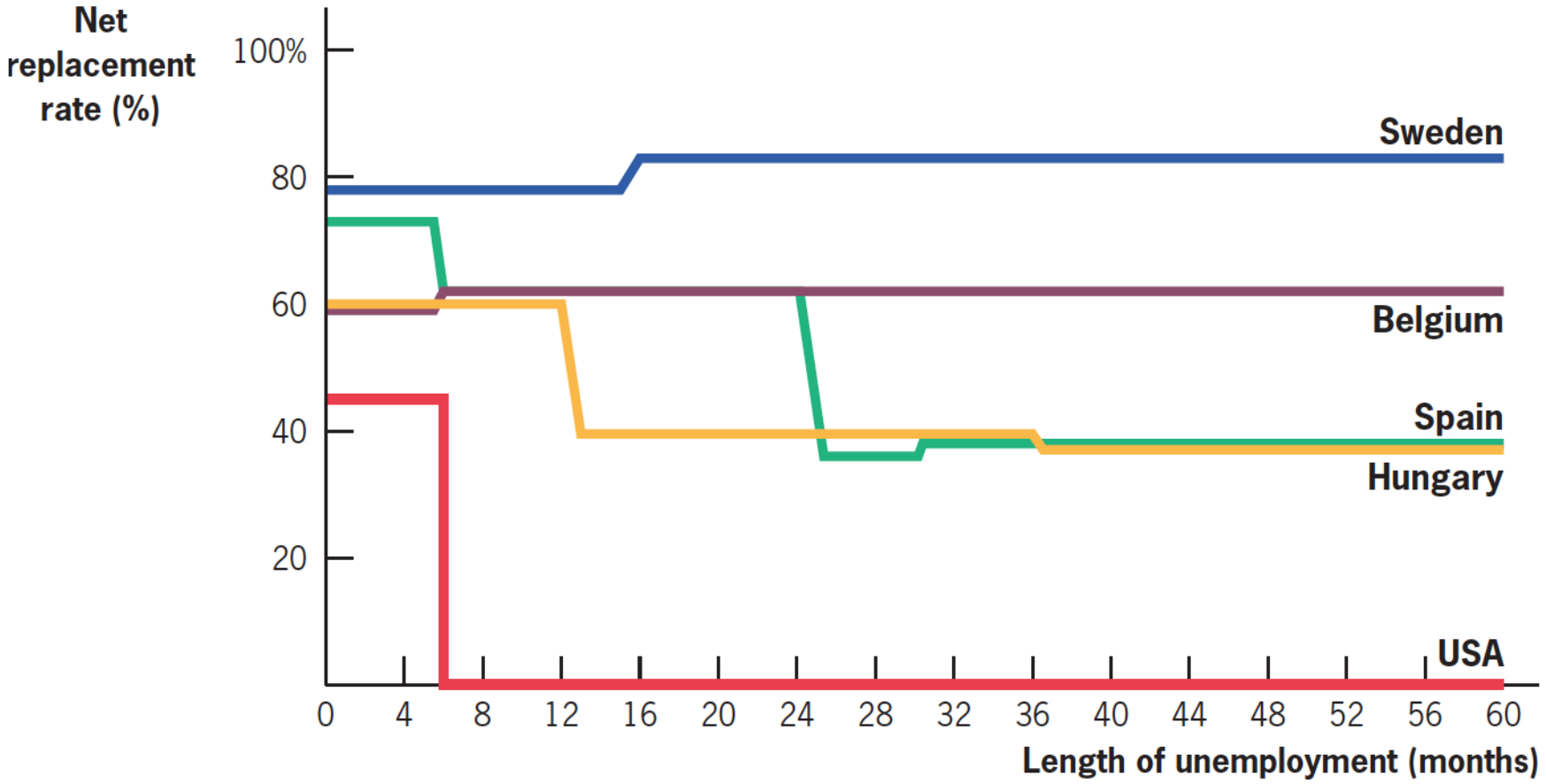
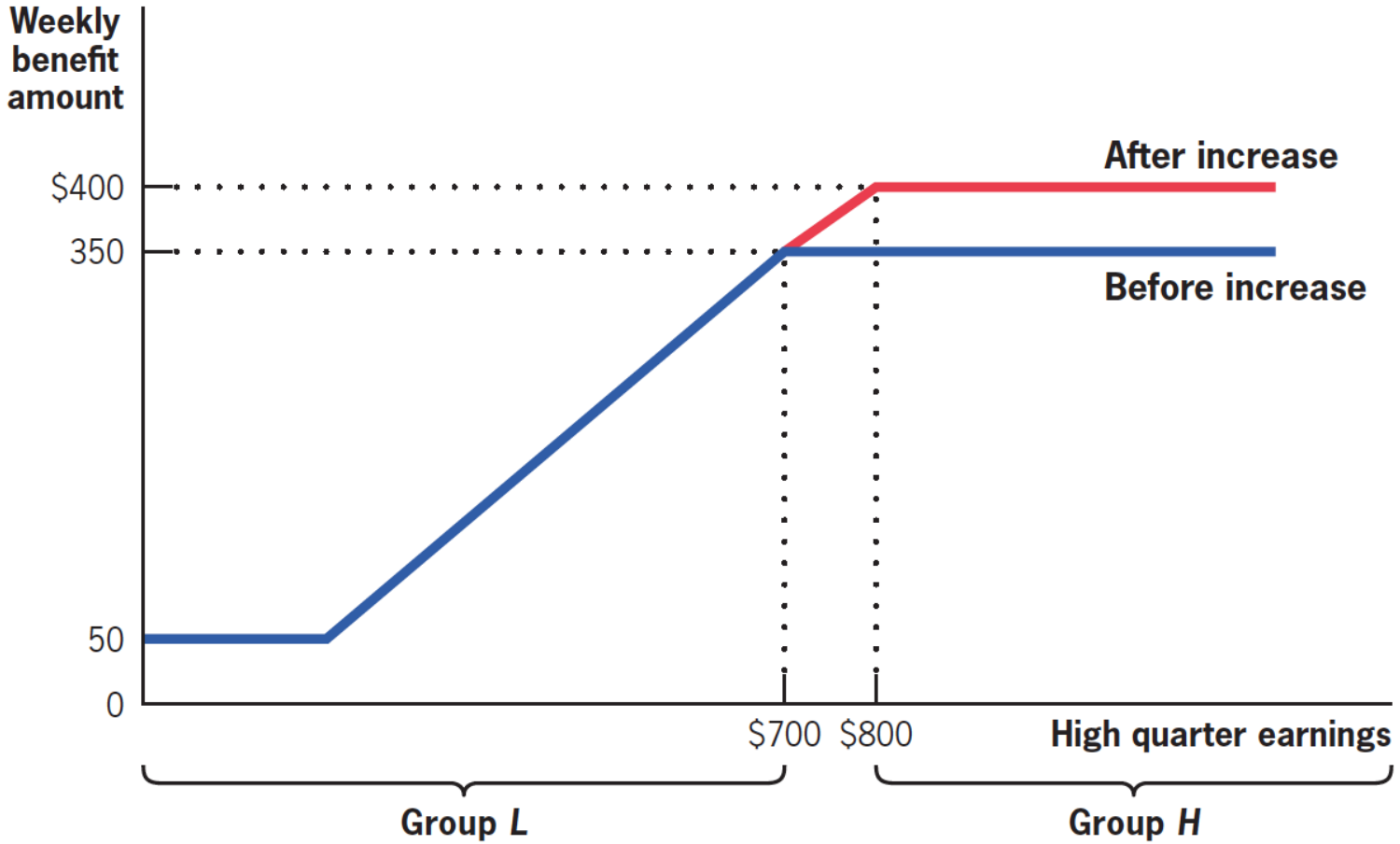
Unemployment Benefit Schedule for Michigan



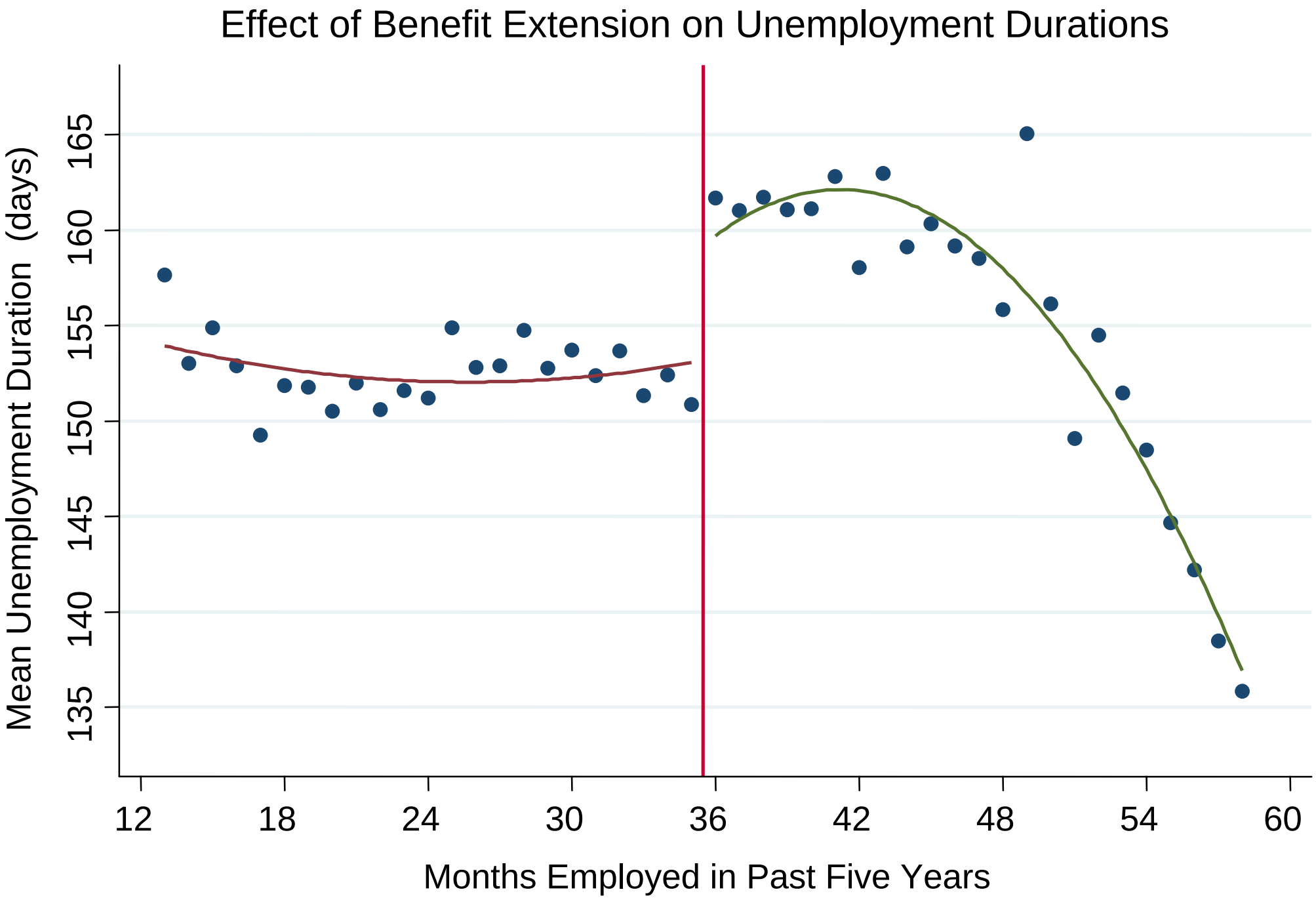
APPLICATION: The Duration of Social Insurance Benefits around the World



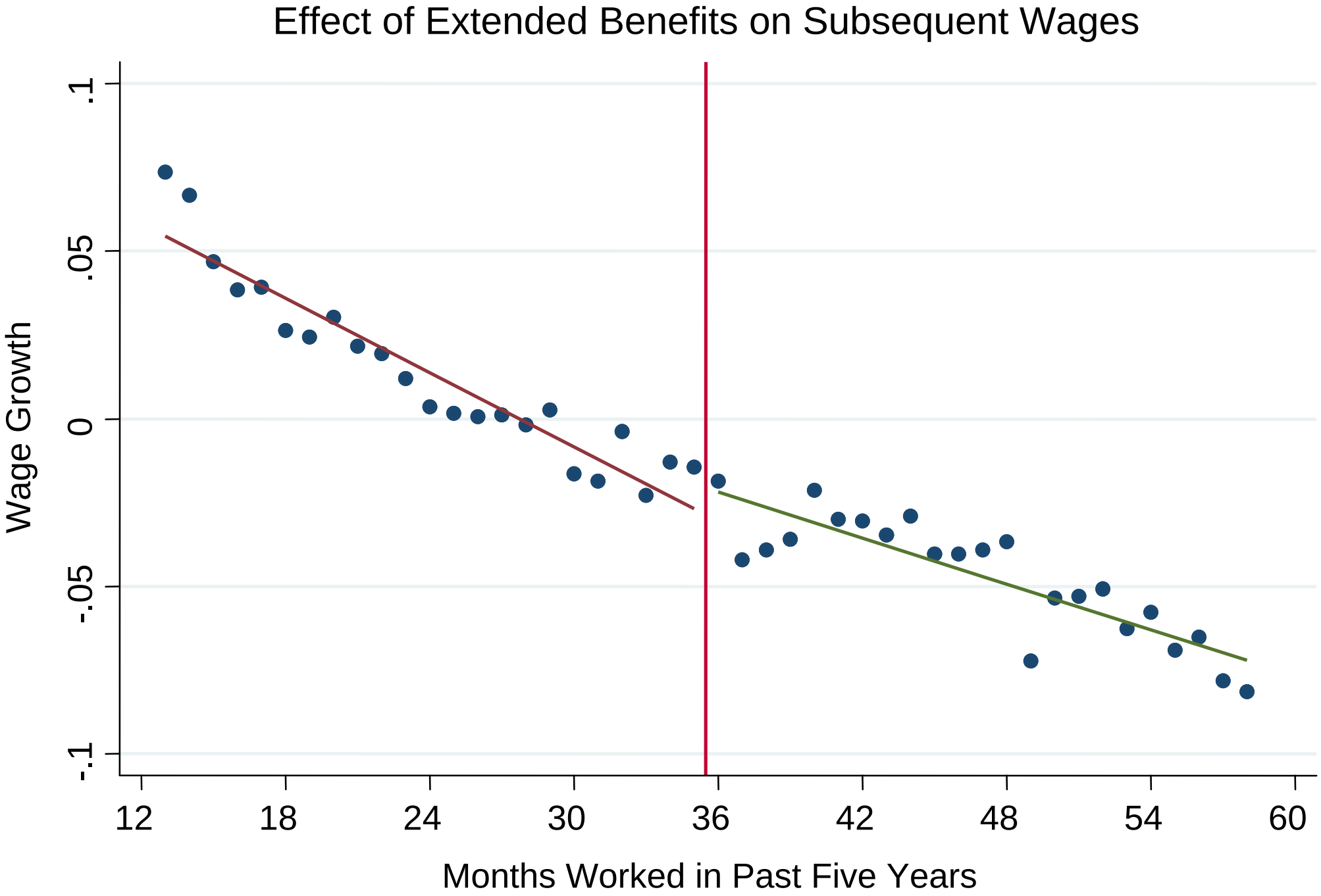
EVIDENCE: Moral Hazard Effects of Unemployment Insurance



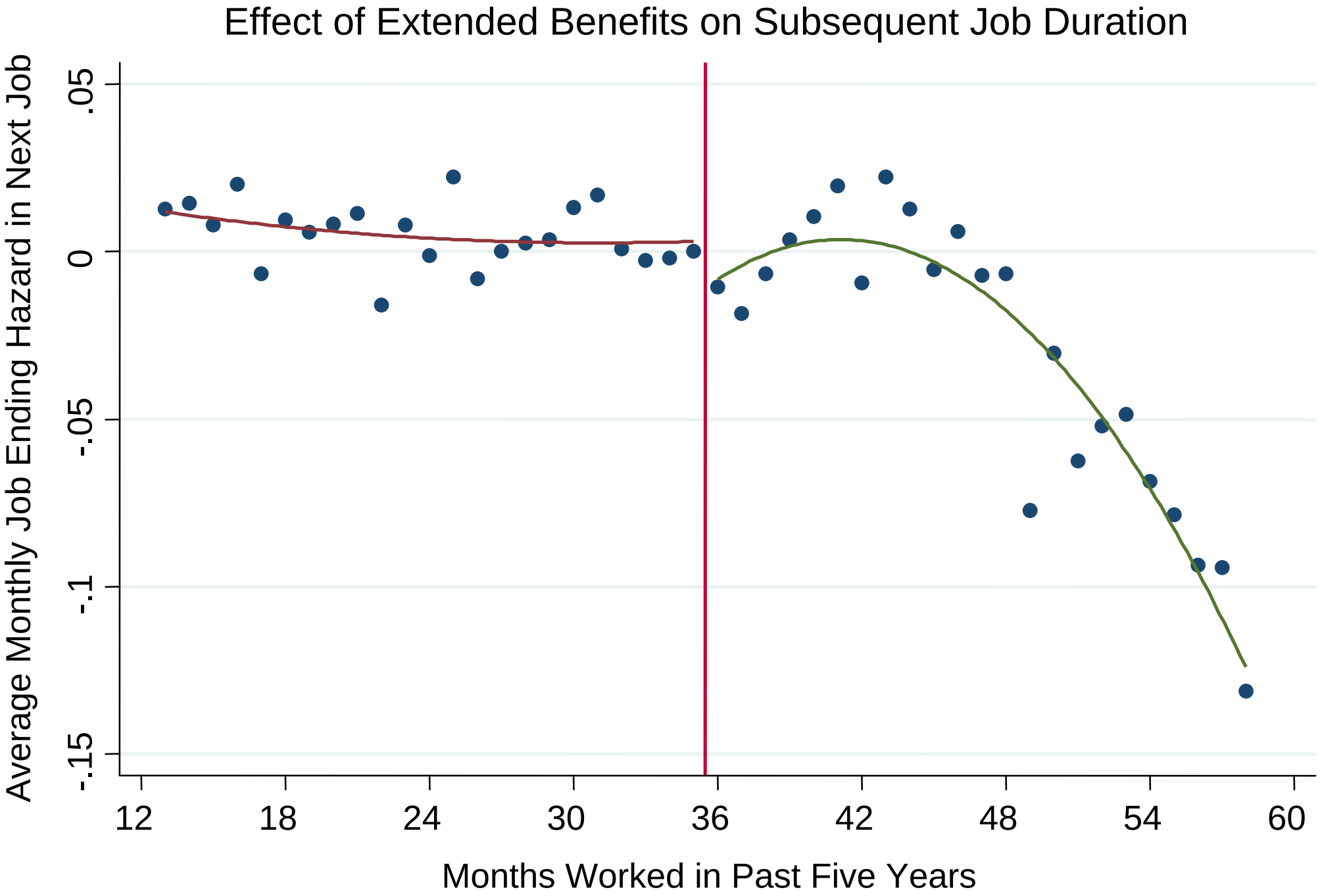
Card, Chetty, Weber (2007)



Card, Chetty, Weber (2007)



Card, Chetty, Weber (2007)



Partial Experience Rating in Vermont

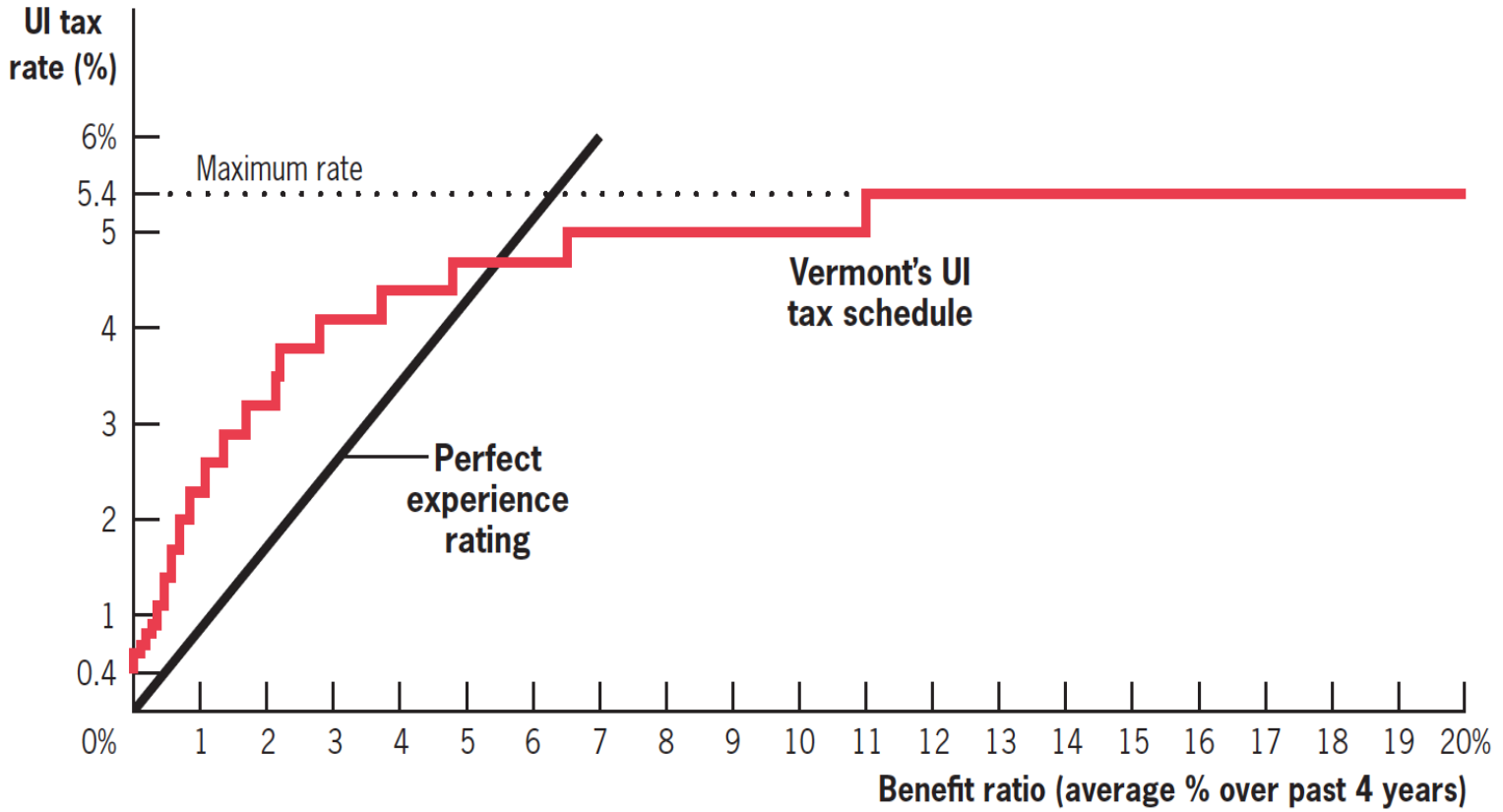


Chart 2.
All Social Security disabled beneficiaries in current-payment status, December 1970–2017

The number of disabled beneficiaries has risen from 1,812,786 in 1970 to 10,059,166 in 2017, driven predominately by an increase in the number of disabled workers. The number of disabled adult children has grown slightly, and the number of disabled widow(er)s has remained fairly level. In December 2017, there were 8,695,475 disabled workers; 1,105,405 disabled adult children; and 258,286 disabled widow(er)s receiving disability benefits.

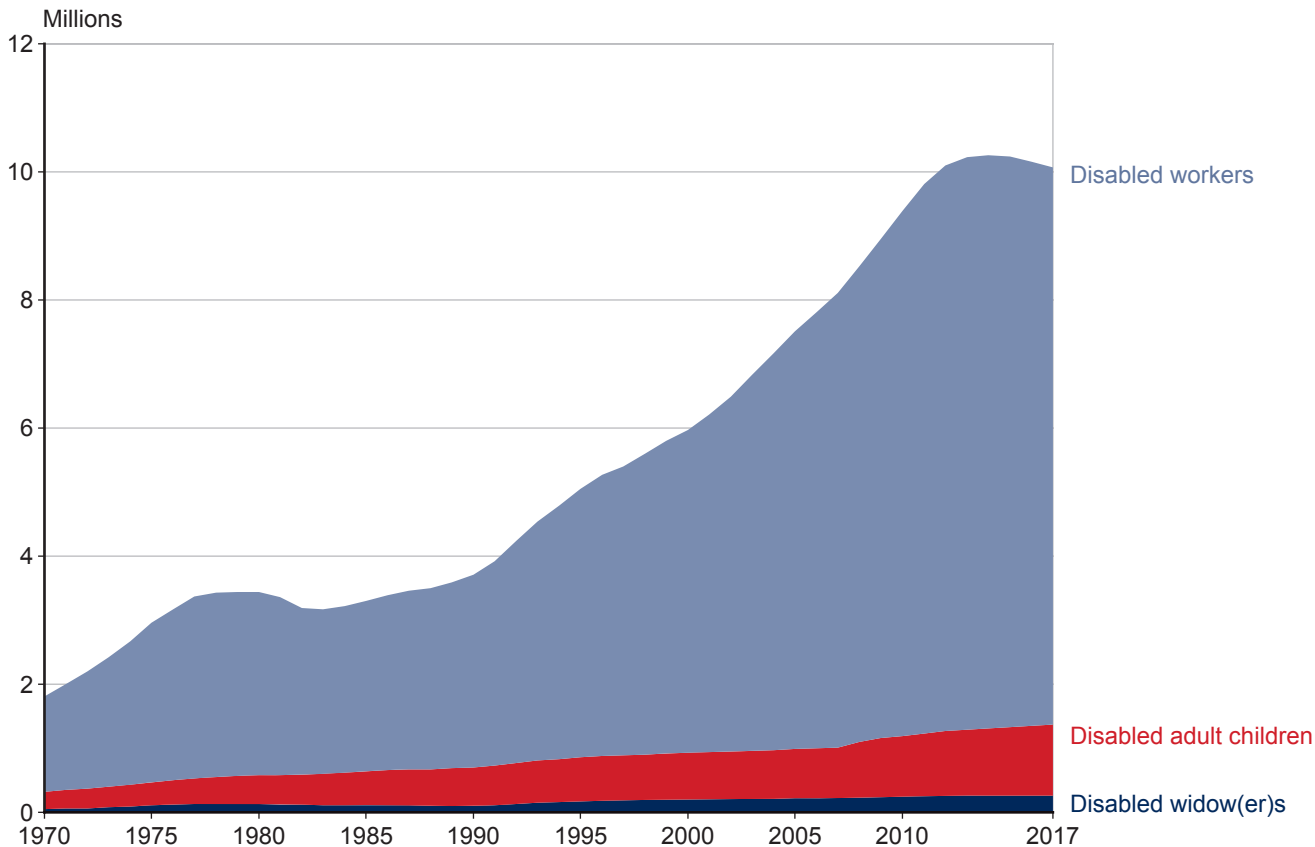


Chart 10.
Disabled-worker awards, by selected diagnostic group, 2010

Source: SSA DI annual report

In 2010, 1,026,988 disabled workers were awarded benefits. Among those awardees, the most common impairment was diseases of the musculoskeletal system and connective tissue (32.5 percent), followed by mental disorders (21.4 percent), circulatory problems (10.2 percent), neoplasms (9.0 percent), and diseases of the nervous system and sense organs (8.2 percent). The remaining 18.7 percent of awardees had other impairments.

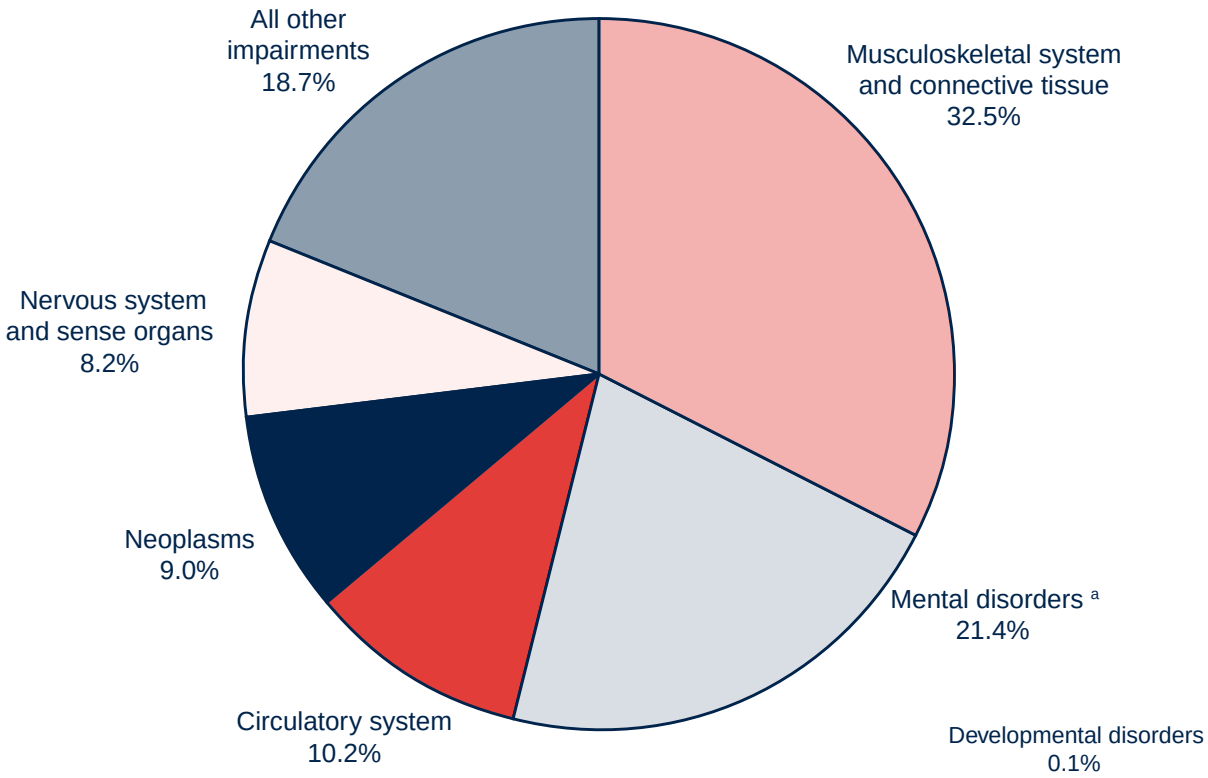


TABLE 1—REASSESSMENTS OF INITIAL SOCIAL SECURITY DETERMINATIONS

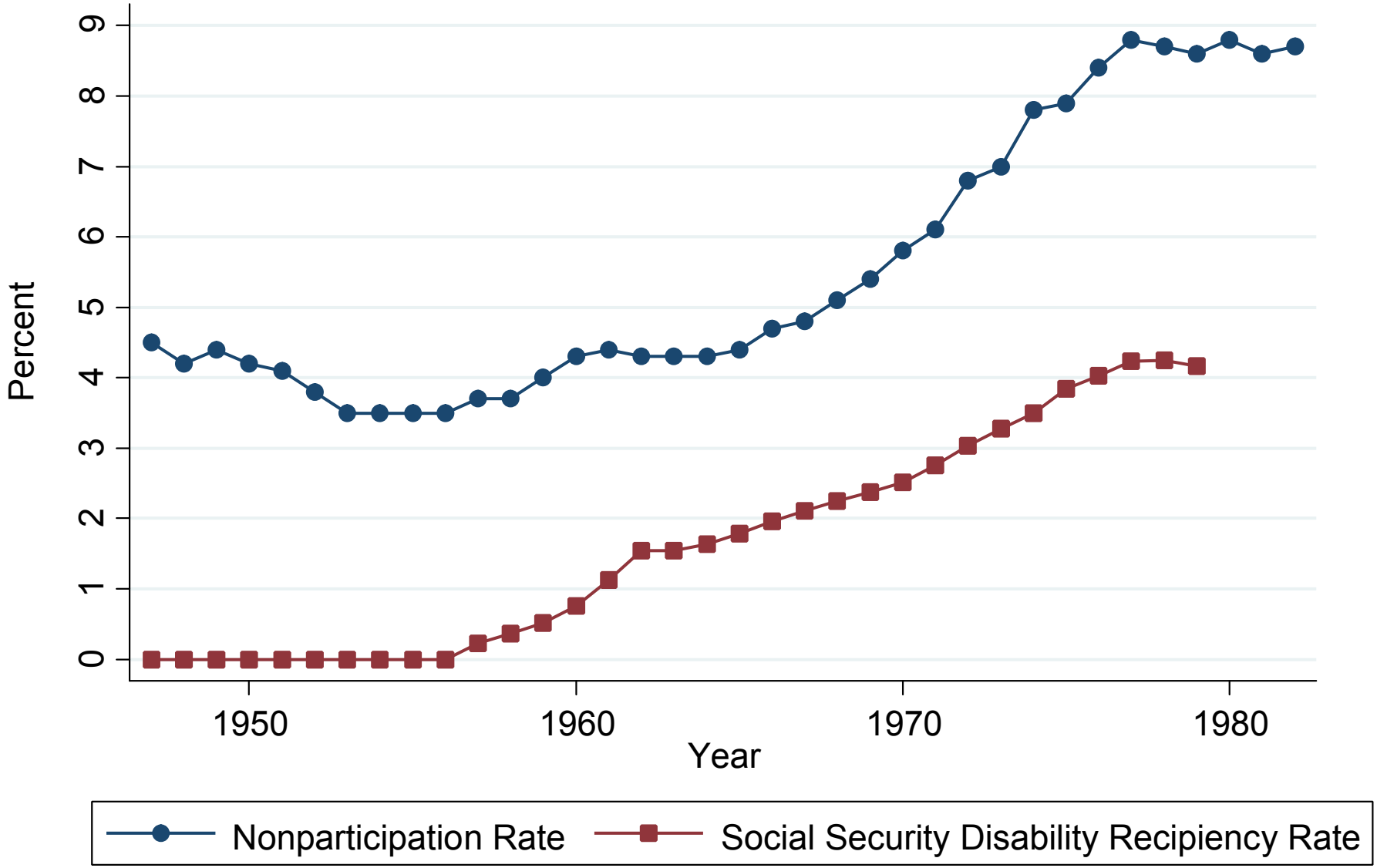
A. *Bureau of Disability Insurance Review One Year After Initial Determination (Percentages):*

BDI assessment	Initial determination	
	Allowance	Denial
Allowance	78.8	21.1
Denial	22.5	77.5

Note: The sample sizes are 250 initial allowances and 248 initial denials.

Source: Smith and Lilienfeld (1971 p. 195).

Nonparticipation and Recipiency Rates, Men 45-54 Years Old



Source: Parsons 1984 Table A1

TABLE 2—EMPLOYMENT, EARNINGS, AND OTHER CHARACTERISTICS OF REJECTED DISABILITY INSURANCE APPLICANTS

	1972			1978		
	Population	Rejected Applicants	Beneficiaries	Population	Rejected Applicants	Beneficiaries
Labor Supply						
Percent Employed	77.7	32.6	3.2	69.3	28.7	2.3
Percent Worked 71/77	91.9	45.0	7.5	86.7	40.4	5.5
Percent Full Year ($\geq$ 50 Weeks)[a]	76.8	47.4	31.4	83.5	41.2	22.2
Percent Full Time ($\geq$ 35 Hours)[a]	95.4	75.9	25.0	92.4	79.6	38.3
Earnings Among Positive Earners						
Median Annual Earnings, 71/77[b]	$9000	$4000	$700	$14000	$5300	$1000

Source: Bound 1991

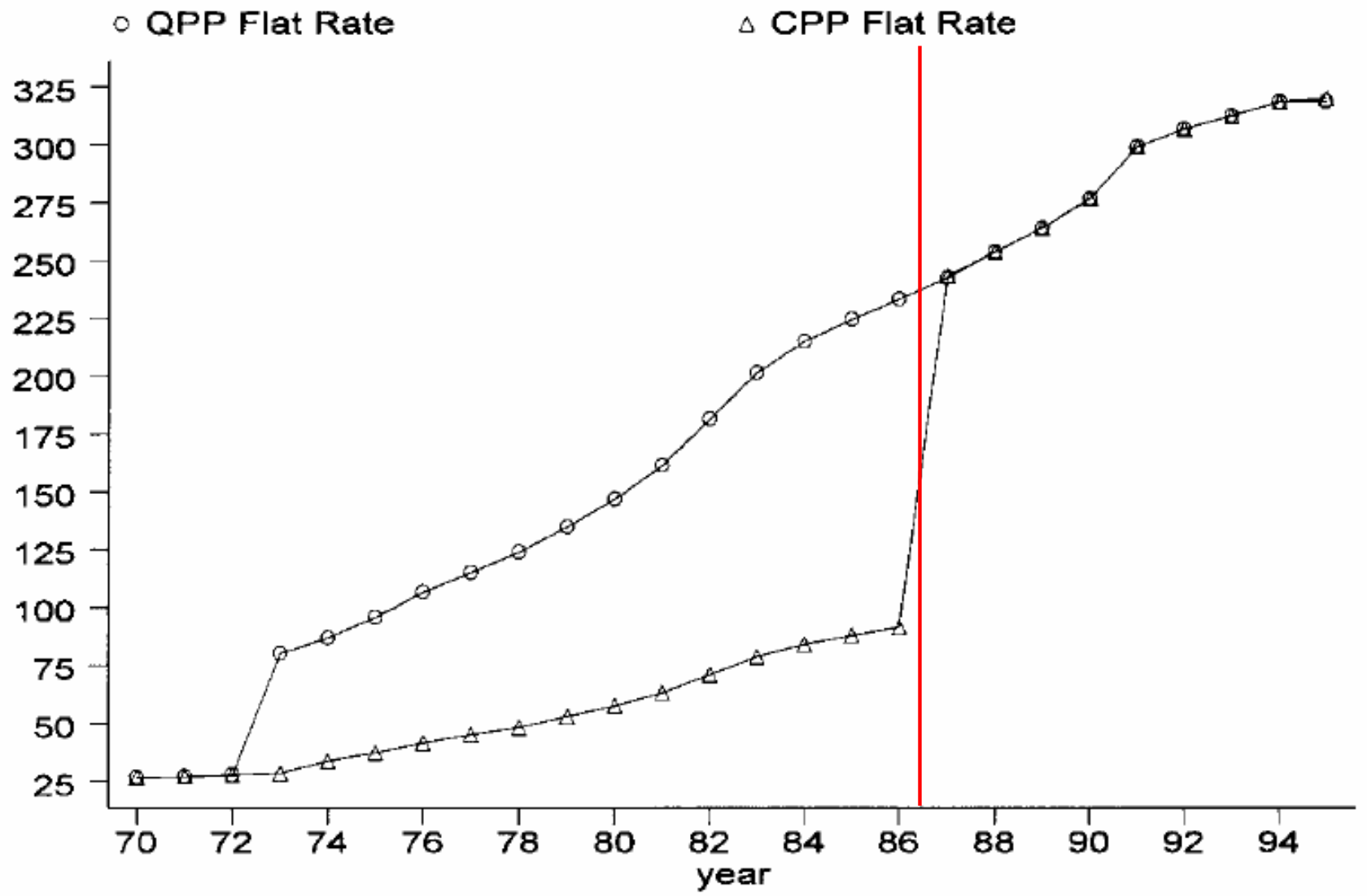


FIG. 1.—Flat-rate portion in Quebec and the rest of Canada

Source: Gruber 2000

TABLE 1
MEANS

	CPP		QPP		DIFERENCE IN DIFFERENCE
	Before (1)	After (2)	Before (3)	After (4)	(5)
Benefits	5,134	7,776	6,878	7,852	1,668 (17)
Replacement rate	.245	.328	.336	.331	.088 (.003)
Not employed last week	.200	.217	.256	.246	.027 (.013)
Married?	.856	.856	.817	.841	−.024
Any kids < 17?	.367	.351	.354	.336	.002
Less than 9 years of education	.303	.274	.454	.421	.004

Source: Gruber 2000

Table 1

Maximum Indemnity Benefits (2003)

State	Type of permanent impairment					Temporary Injury (10 weeks)
	Arm	Hand	Index finger	Leg	Foot	
California	$108,445	$64,056	$4,440	$118,795	$49,256	$6,020
Hawaii	180,960	141,520	26,800	167,040	118,900	5,800
Illinois	301,323	190,838	40,176	276,213	155,684	10,044
Indiana	86,500	62,500	10,400	74,500	50,500	5,880
Michigan	175,657	140,395	24,814	140,395	105,786	6,530
Missouri	78,908	59,521	15,305	70,405	52,719	6,493
New Jersey	154,440	92,365	8,500	147,420	78,200	6,380
New York	124,800	97,600	18,400	115,200	82,000	4,000

Source: Gruber 2008

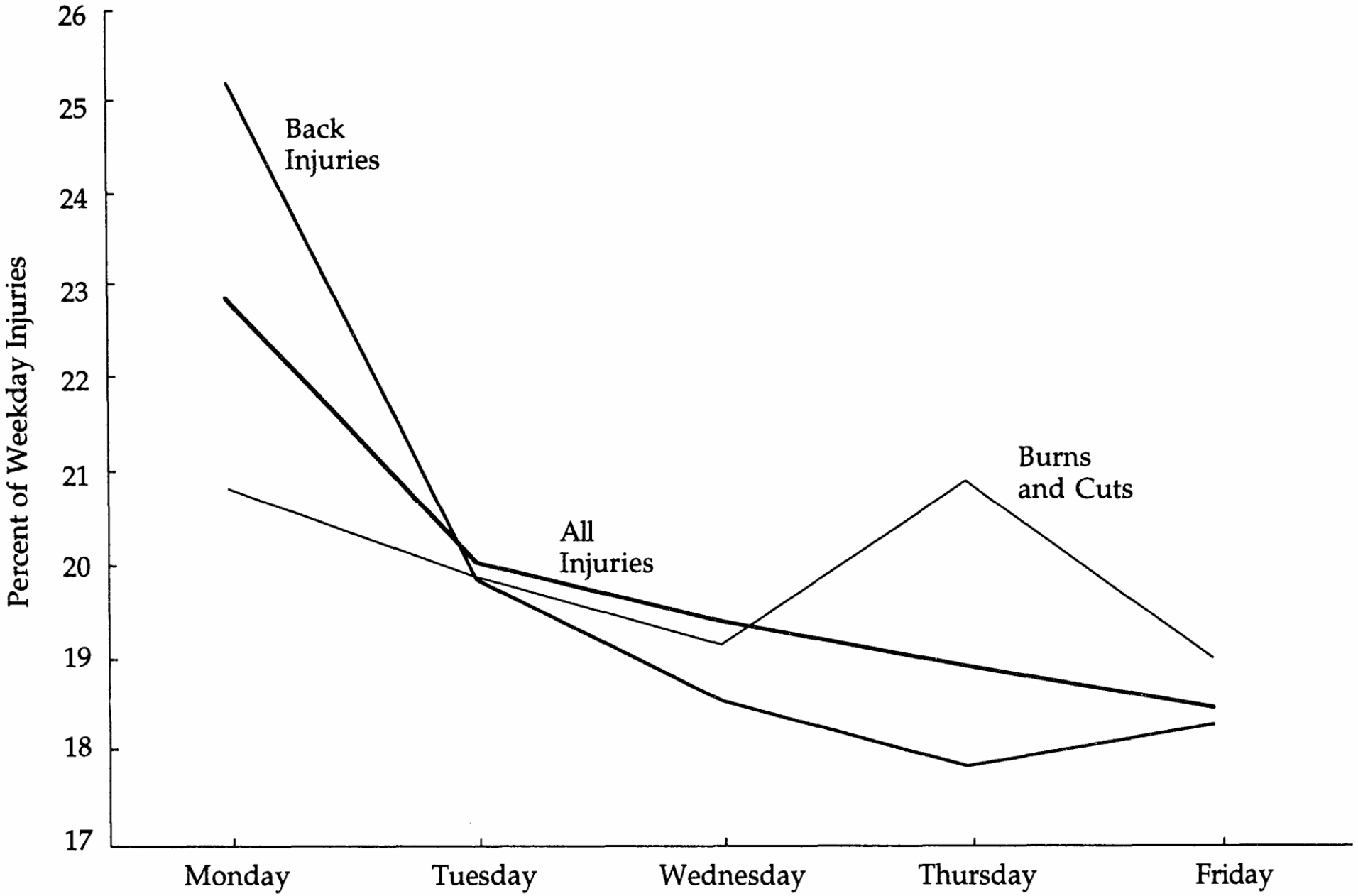


Figure 1. Distribution of Weekday Injuries.

Source: Card and McCall 1996

Variable	Kentucky			Michigan		
	Before increase (1)	After increase (2)	Percentage change (3)	Before increase (4)	After increase (5)	Percentage change (6)
Maximum benefit ($)	131.00	217.00	65.65	181.00	307.00	69.61
Replacement rate, high earnings (percent)	32.70 (0.25)	51.02 (0.37)	56.02 (1.65)	30.01 (0.35)	44.15 (0.48)	47.14 (2.33)
Replacement rate, low earnings (percent)	66.42 (0.20)	66.66 (0.22)	0.36 (0.44)	66.64 (0.24)	66.35 (0.30)	−0.45 (0.58)

Source: Meyer, Viscusi, Durbin 1995

TABLE 4—KENTUCKY AND MICHIGAN: DURATION AND MEDICAL COSTS OF TEMPORARY TOTAL DISABILITIES DURING THE YEARS BEFORE AND AFTER BENEFIT INCREASES

Variable	High earnings		Low earnings		Differences		Difference in differences
	Before increase (1)	After increase (2)	Before increase (3)	After increase (4)	[(2)−(1)] (5)	[(4)−(3)] (6)	[(5)−(6)] (7)
Mean duration (weeks)							
Kentucky	11.16	12.89	6.25	7.01	1.72	0.76	0.96
	(0.83)	(0.83)	(0.30)	(0.41)	(1.17)	(0.51)	(1.28)
Michigan	14.76	19.42	10.94	13.64	4.66	2.70	1.96
	(2.25)	(2.67)	(1.09)	(1.56)	(3.49)	(1.90)	(3.97)
Median duration (weeks)							
Kentucky	4.00	5.00	3.00	3.00	1.00	0.00	1.00
	(0.14)	(0.20)	(0.11)	(0.12)	(0.25)	(0.16)	(0.29)
Michigan	5.00	7.00	4.00	4.00	2.00	0.00	2.00
	(0.45)	(0.67)	(0.22)	(0.28)	(0.81)	(0.35)	(0.89)
Median medical cost (dollars)							
Kentucky	393.51	411.49	238.96	254.40	17.98	15.44	2.55
	(19.29)	(22.72)	(8.48)	(9.11)	(29.80)	(12.44)	(32.30)
Michigan	689.73	765.00	390.63	435.00	75.27	44.38	30.89
	(77.30)	(134.53)	(32.80)	(33.09)	(155.16)	(46.59)	(162.00)

Source: Meyer, Viscusi, Durbin 1995

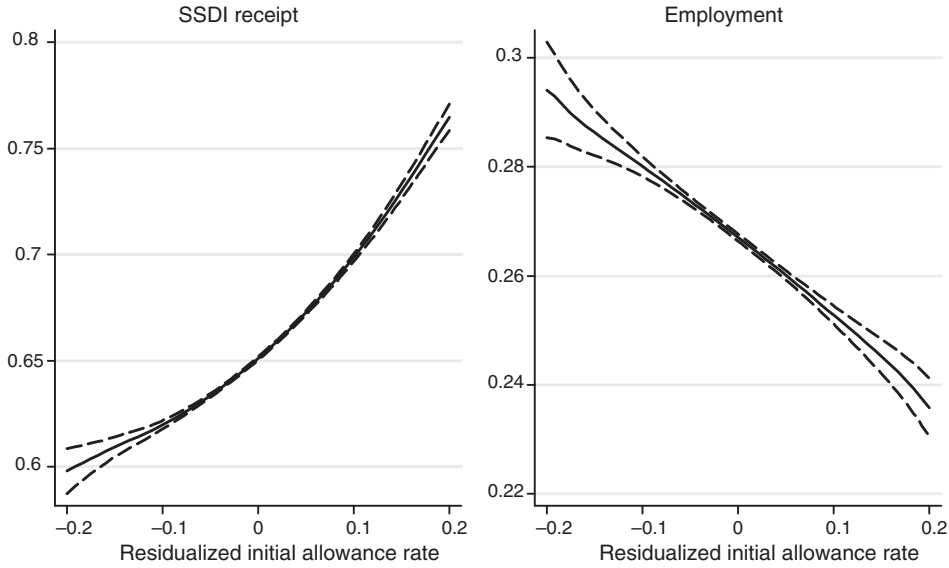
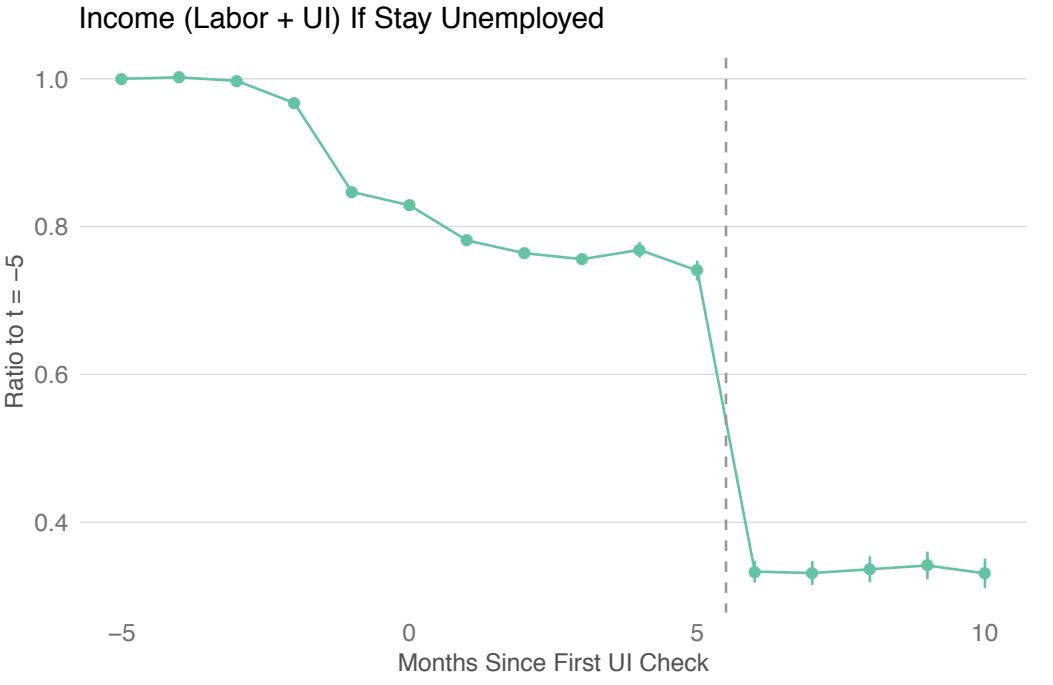


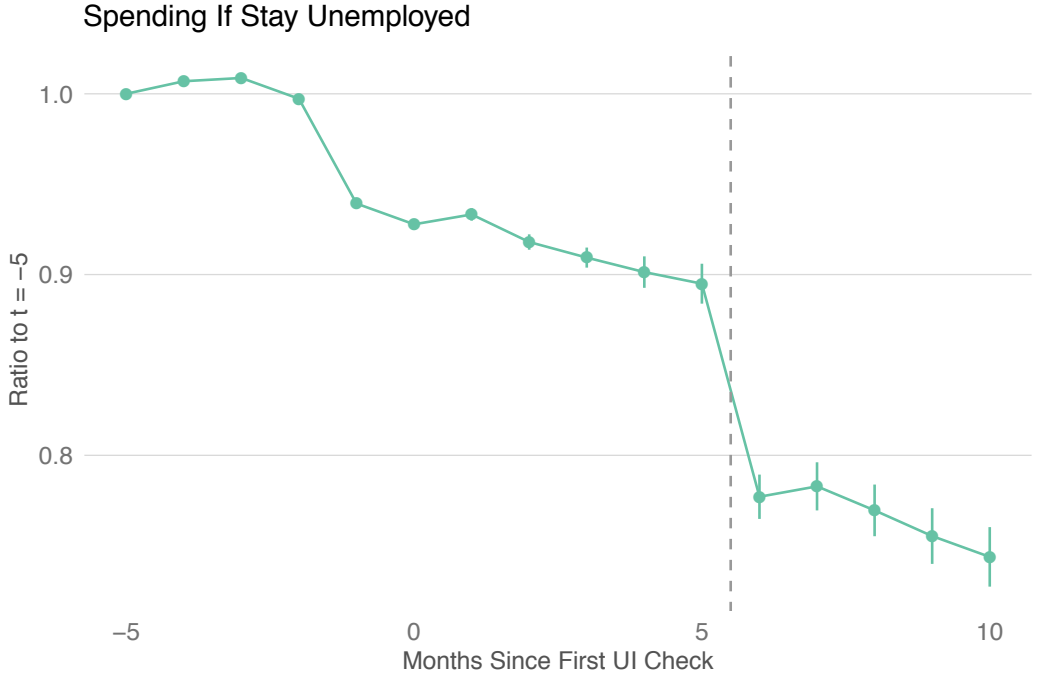
FIGURE 4. SSDI RECEIPT AND LABOR SUPPLY BY INITIAL ALLOWANCE RATE

Notes: Ninety-five percent confidence intervals shown with dashed lines. Employment measured in the second year after the initial decision. Bandwidth is 0.116 for DI and 0.130 for labor force participation.

Source: DIODS data for 2005 and 2006.

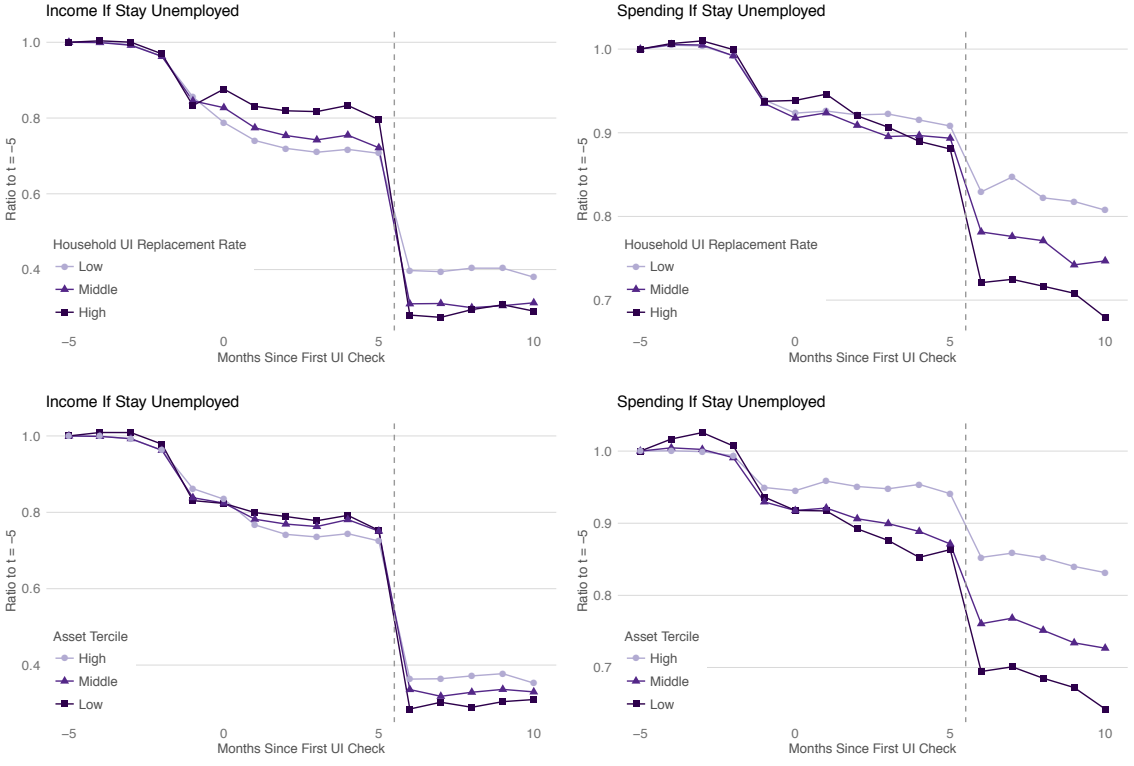
Figure 2: Income and Spending If Stay Unemployed





Notes: This figure plots income and spending for the sample that stays unemployed. In months $t = \{-5, -4, -3, -2, -1, 0\}$, this includes everyone who receives UI at date 0 and meets the sampling criteria described in Section 2.1. In month $t = 1$, this includes only households who continue to receive UI and excludes households who receive their last UI check in month 0. In month $t = 2$, this excludes households who receive their last UI check in month 0 or month 1, and so on. Employment status after UI exhaustion is measured using paycheck deposits. The vertical line marks UI benefit exhaustion. Income is positive after UI benefit exhaustion because of labor income of other household members. Vertical lines denote 95 percent confidence intervals for change from the prior month. See Section 3.1.1 for details.

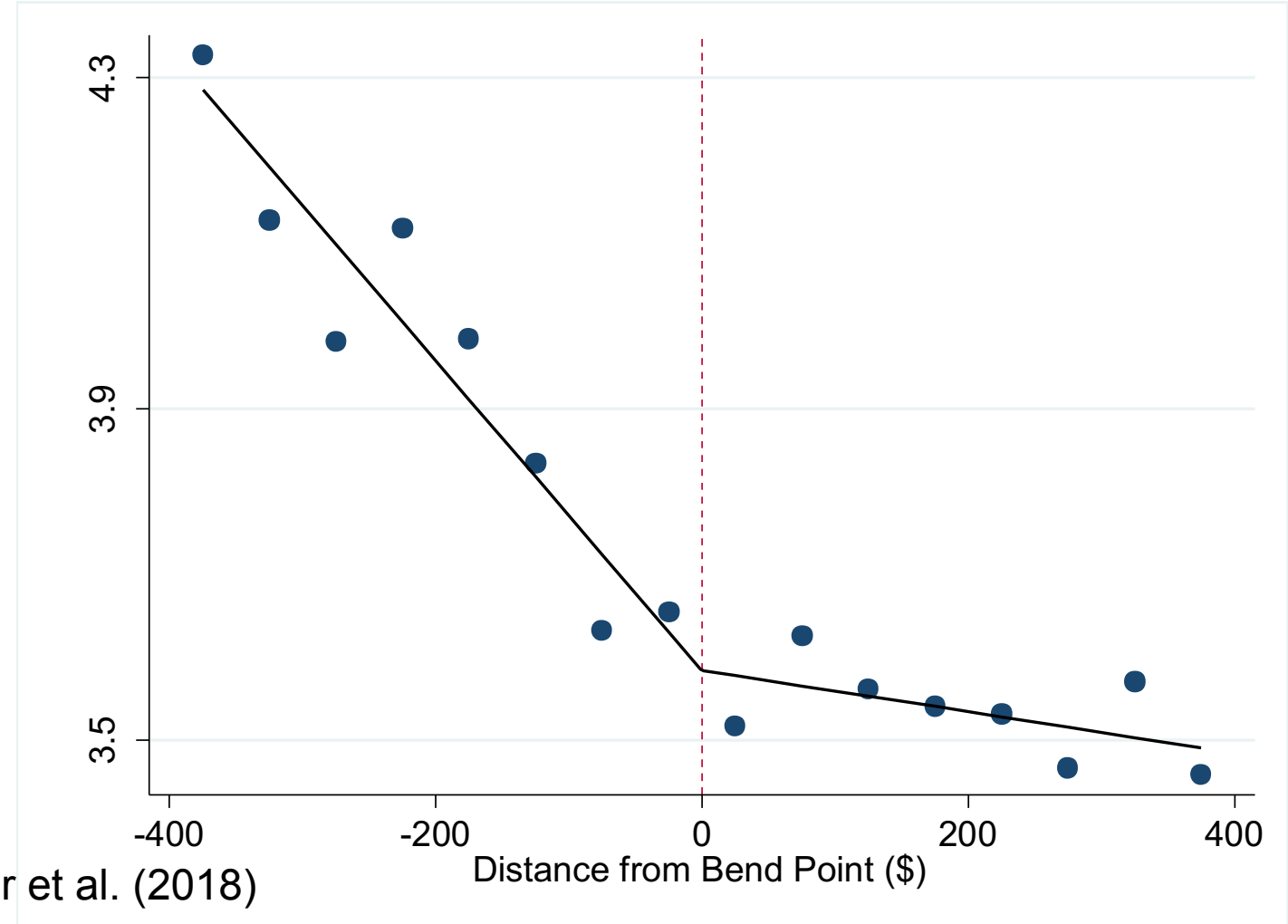
Figure 3: Heterogeneity in Income and Spending If Stay Unemployed



Notes: This figure shows heterogeneity in income and spending by the ratio of UI benefits to estimated household annual income and the ratio of estimated total liquid assets (a measure described in Section 2.2) to consumption prior to the onset of unemployment. The sample is households that receive UI and stay unemployed, as described in the note to Figure 2.

Figure 3. Annual Percent Mortality Rates around the Bend Points

A: Lower bend point



Source: Gelber et al. (2018)

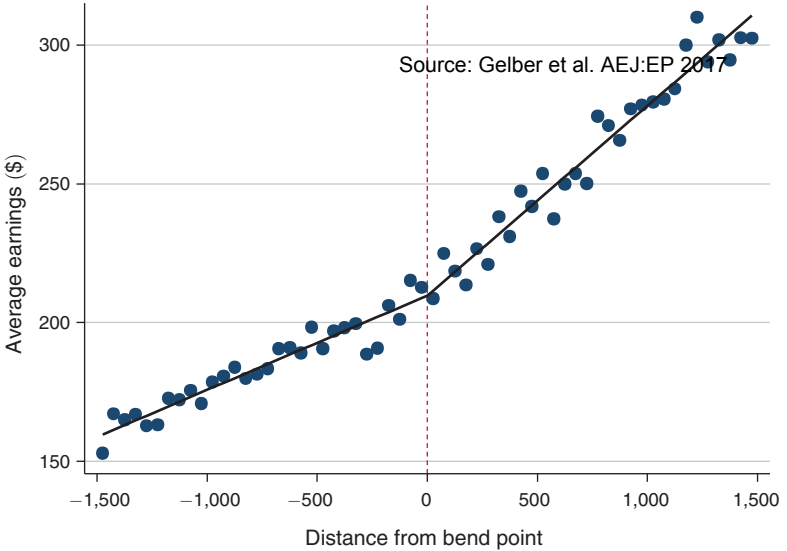


FIGURE 4. AVERAGE MONTHLY EARNINGS AFTER DI ALLOWANCE

Notes: The figure shows mean monthly earnings in the first four years after going on DI, in $50 bins, as a function of distance of AIME from the bend point, where AIME is measured when applying for DI. The figure shows that mean earnings slope upward more steeply above the upper bend point than below it, with fitted lines that lie close to the data.

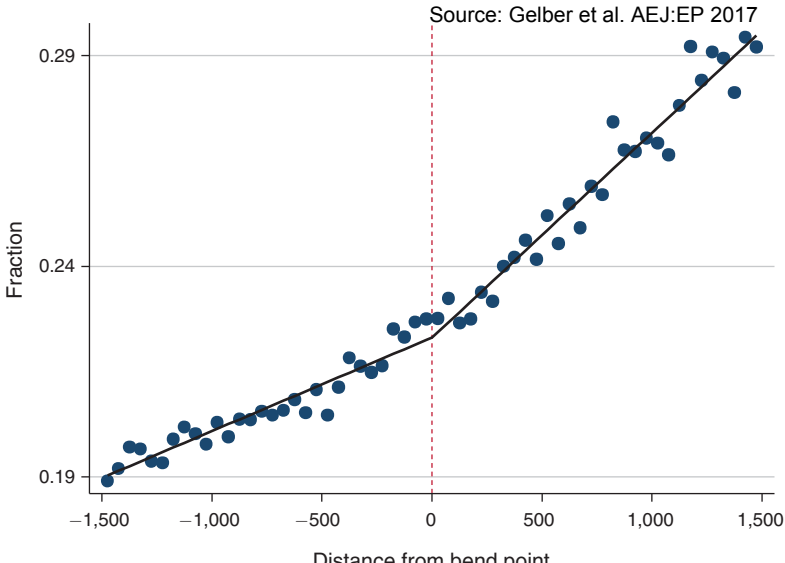


FIGURE 5. AVERAGE ANNUAL FRACTION EMPLOYED AFTER DI ALLOWANCE

Notes: The figure shows the mean fraction of years when a beneficiary has positive annual earnings, over the four years after going on DI (i.e., the mean yearly employment rate over these four years), in $50 bins, as a function of distance from the bend point. The figure shows that the probability of positive earnings appears to slope upward more steeply above the upper bend point than below it.

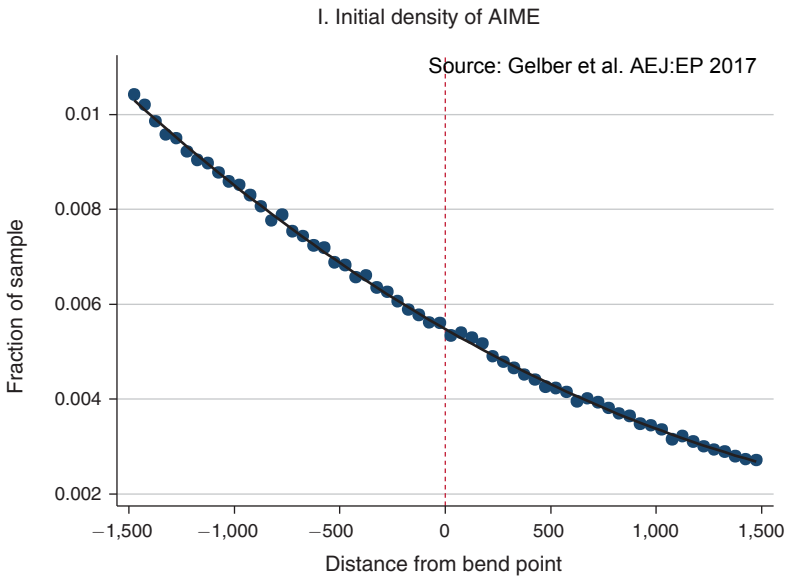


FIGURE 3. SMOOTHNESS OF DENSITY AND PREDETERMINED COVARIATES AROUND THE UPPER BEND POINT (*continued*)

Notes: The figure shows the density of initial AIME in $50 bins as a function of distance of initial AIME to the upper bend point. The number of observations appears smooth through this bend point, with no sharp change in slope or level. The upper bend point is where the marginal replacement rate in converting AIME to PIA changes from 32 percent to 15 percent. The sample includes DI beneficiaries within $1,500 of the upper bend point (see the text for other sample restrictions). The fraction of the sample in each bin is calculated by dividing the number of beneficiaries in each bin by the total number of beneficiaries in the sample. The best-fit line is a ninth-order polynomial that parallels the regression presented in Table 2 that minimizes the corrected Akaike Information Criterion (AICc).

Source: The data are from SSA administrative records.

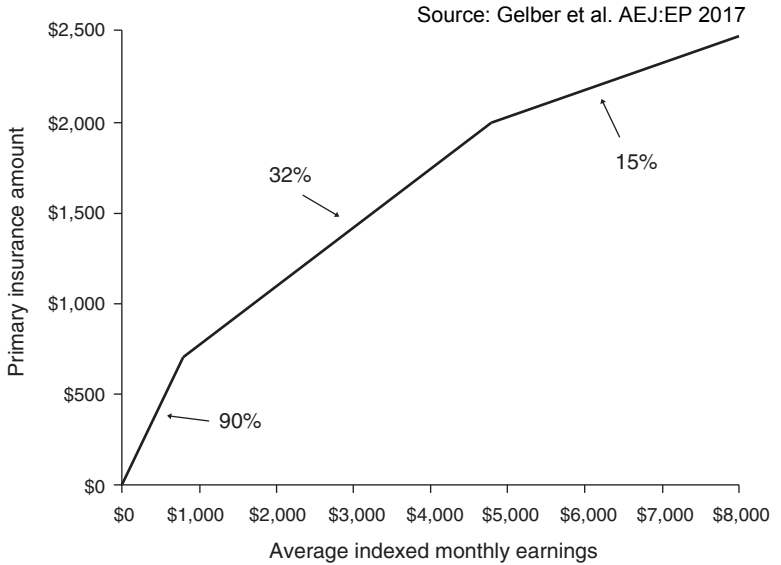


FIGURE 1. PRIMARY INSURANCE AMOUNT AS A FUNCTION OF AVERAGE INDEXED MONTHLY EARNINGS

Notes: The figure shows the primary insurance amount (PIA) as a function of average indexed monthly earnings (AIME) in 2013. The percentages are marginal replacement rates.

Source: SSA (2013)

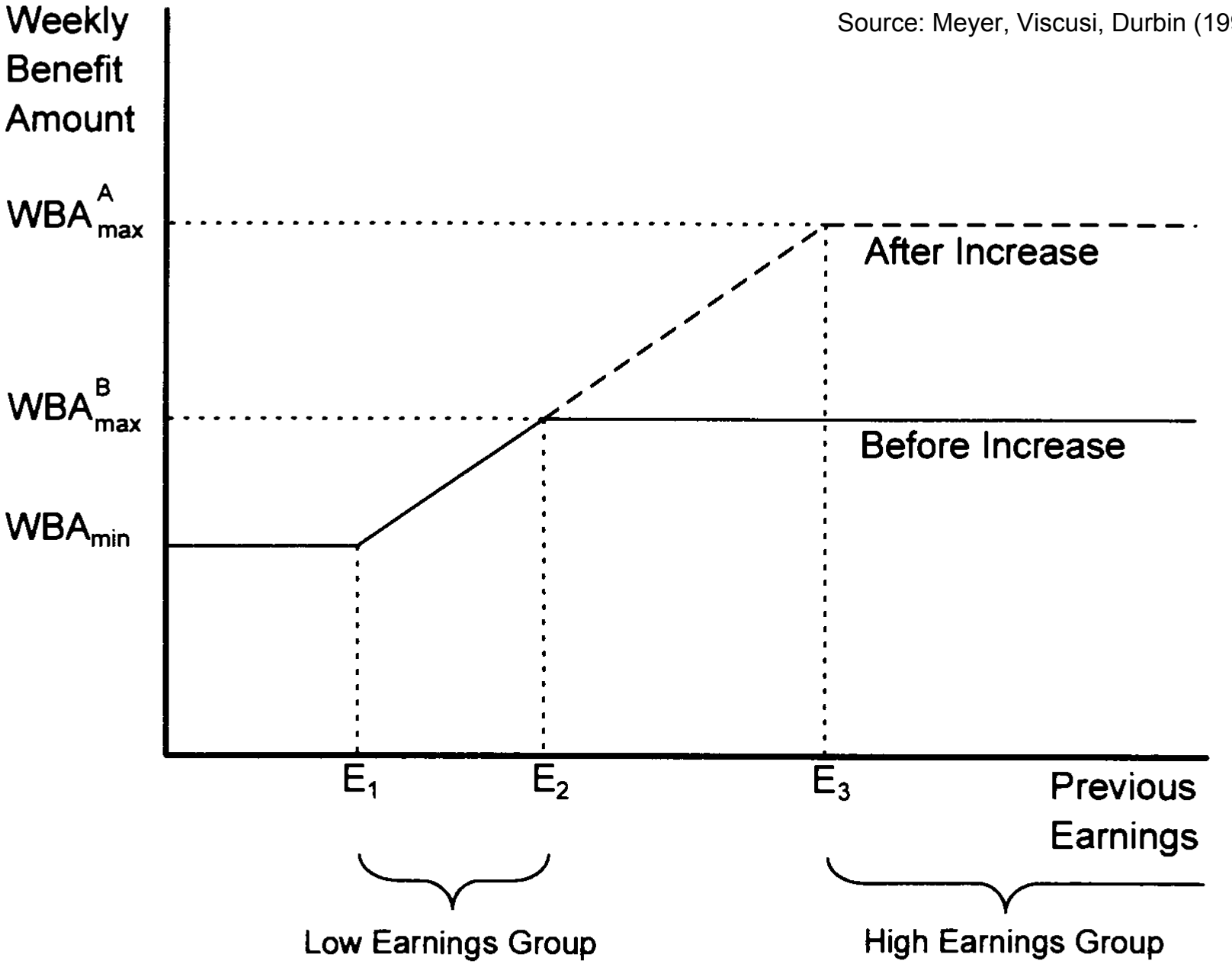
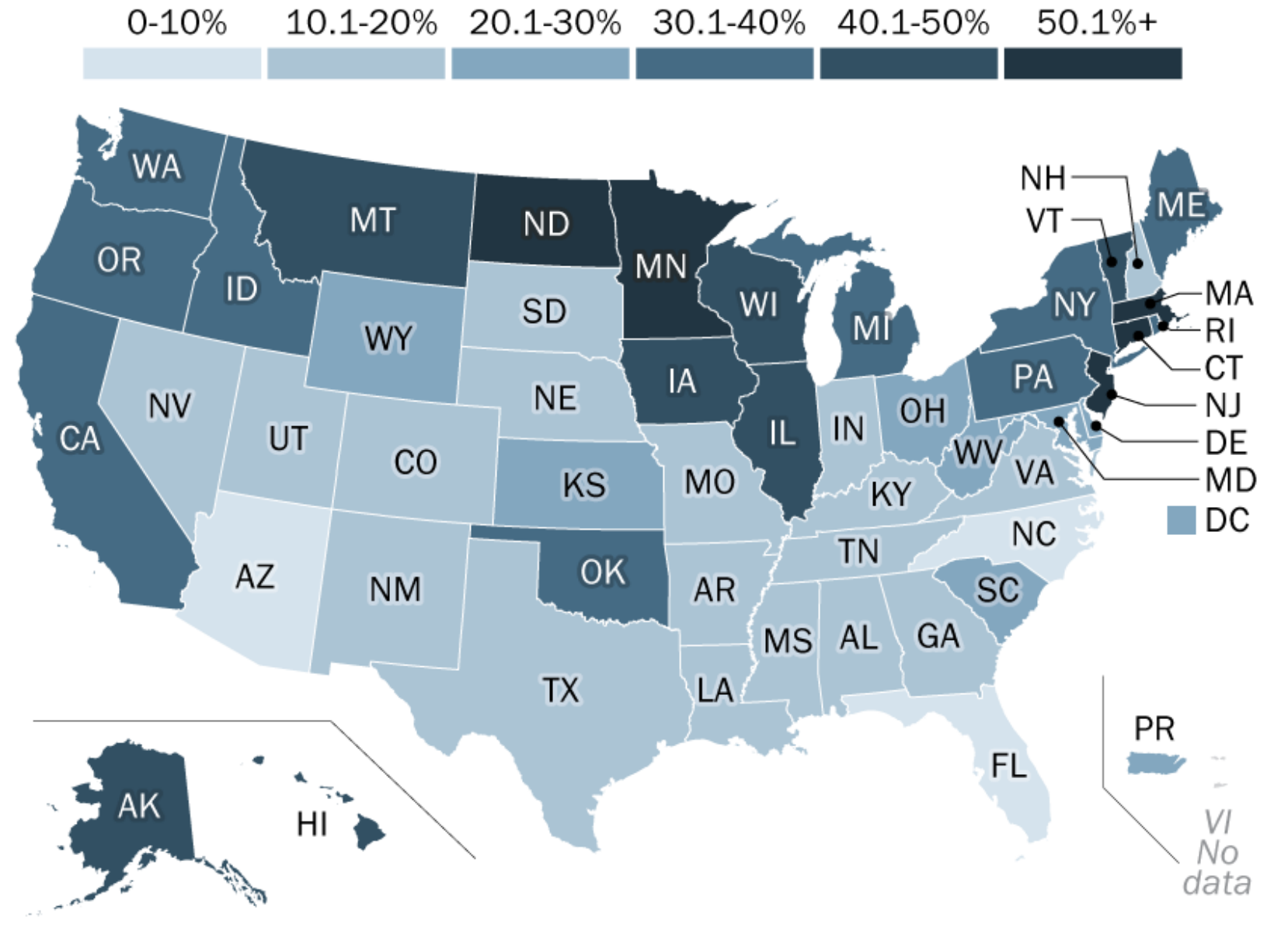


FIGURE 1. TEMPORARY TOTAL BENEFIT SCHEDULE BEFORE AND AFTER AN INCREASE IN THE MAXIMUM WEEKLY BENEFIT

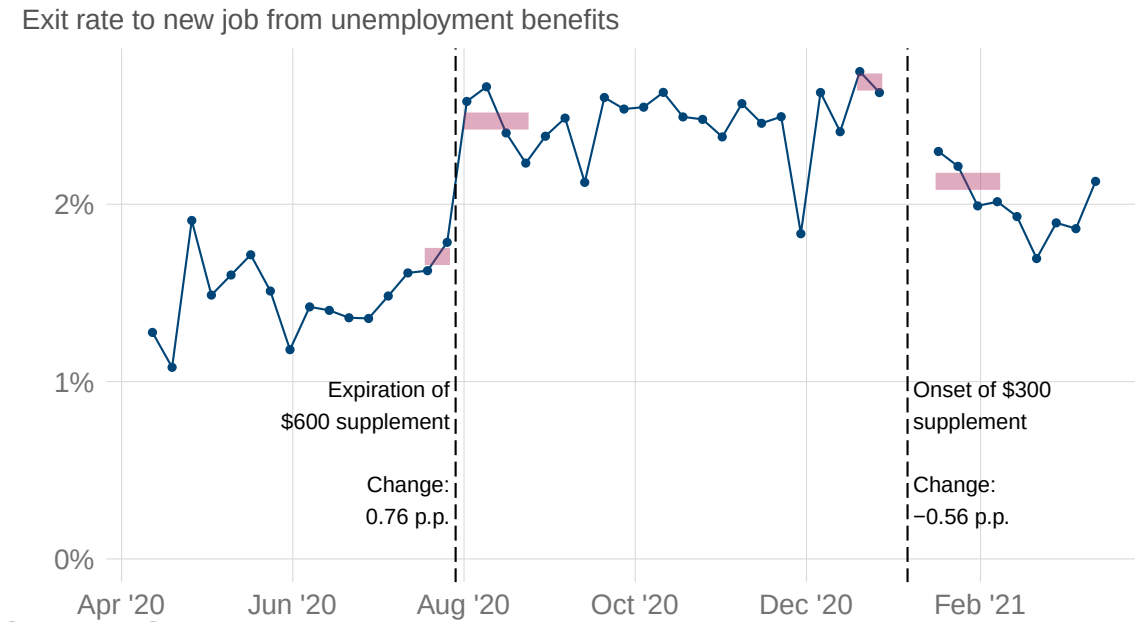
Share of state's unemployed workers receiving unemployment benefits, March 2020



Source: U.S. Bureau of Labor Statistics via FRED®

Figure 2: Effect of Expanded Benefits on Job-Finding: Interrupted Timeseries Design

(a) Interrupted Timeseries Estimate



Source: Ganong et al. 2021