WE ASKED
WHO IS LESS LIKELY TO SEEK COMPROMISE TO GET THINGS DONE - PRESIDENT OBAMA OR REPUBLICANS IN CONGRESS?

Disability insurance program should be fixed, not reduced

When people talk about Social Security, they usually mean the federal government’s old-age retirement program. But another program, Social Security Disability Insurance, or SSDI, has been in the news lately.

Conservatives have criticized SSDI because they see it as a de facto unemployment program. And they suspect goldbricking. Earlier this month, Kentucky Sen. Rand Paul said that “over half of the people on disability are either anxious or their back hurts — join the club. Who doesn’t get a little anxious for work and their back hurts?”

So, is SSDI a haven for malingerers and the unemployed?

First, I should note that I’m not a disinterested party on this topic, as my wife is a disability attorney in Greensboro. But I’m also a data guy, so let’s see what the numbers tell us.

Disability benefits are funded by the FICA tax deducted from everyone’s paycheck. The SSDI trust fund is nearing depletion, and yet the new GOP majority in Washington recently voted not to replenish that fund from the larger Social Security retirement fund, as has happened in the past. If nothing is done, disability benefits will have to be cut as early as 2016.

In 2013, SSDI paid out roughly $140 billion in disability benefits, about a sixth of all Social Security outlays. The average monthly benefit was $1,146, hardly a princely sum, though about one in eight recipients received an additional benefit from a related program, Supplemental Security Income.

Nationally, 4.8 percent of the population aged 18-64 are SSDI beneficiaries. In North Carolina, it’s a bit higher, at 5.7 percent (the highest is Alabama’s 8.5 percent).

Over time, both the number of people applying for and receiving benefits has increased, and those numbers surged during the post-2007 economic downturn. These increases are what trouble SSDI’s critics.

The biggest reason for the surge is demographics. The incidence of disability rises sharply when people reach the 45-64 age range, and only recently did the baby boomer generation occupy that entire range. But that happened just as the recession hit, making it appear that the downturn caused the surge in outlays. In addition, SSDI has work requirements that women weren’t able to meet in the past. Only recently have large numbers of women amassed the necessary work credits. In 1990, men outnumbered women two-to-one among beneficiaries. Now the sexes are approximately in parity.

Demographics doesn’t explain it all. After factoring it in, we still find applications for benefits rising when the economy is weak. In part that’s due to people exhausting unemployment benefits and looking for other assistance.

But there are other factors as well. For example, a number of states have dealt with recession-related budget shortfalls by helping people move from state-funded welfare and unemployment programs over to the federally funded SSDI.

SSDI isn’t a pushover. Successful applicants almost always have multiple ailments, and yes, Rand Paul, severe back pain is often in the mix. Applicants can’t be merely unemployed but must be unemployable.

And while applications have been rising, the approval rate is falling. Since the 1990s, the rate has been cut nearly in half. In 2012, it was just 31 percent.

As with the retirement side of Social Security, SSDI’s funding problems aren’t hard to solve. The simplest fix would be to raise the cap on earnings subject to Social Security, or SSDI’s beneficiaries. In 2014 it was $15,720. You’d need to raise that to $21,000.

The biggest fix is to do away with the work requirements and allow people to apply for SSDI even when they’ve never worked or earned enough to qualify for Social Security. And that’s where the numbers come in.

A little math will convince you that the number of people who meet the disability requirements is not remotely as high as the number of people who meet the Social Security work requirements:

- In 2012, applications for SSDI reached 2.6 million.
- In 2013, just 973,000 of those applications were approved.
- In 2014, 1.1 million applications were filed.
- But only 644,000 were approved. And in 2015, the number of applicants dropped to 971,000, down 30 percent.

There’s a little overlap between the two programs, but not nearly enough to explain the difference between the numbers of applications and the numbers of approvals.

Are women in business perceived differently than men as they age?

**CASHING IN ON CANNABIS**

Where there is smoke, there’s money. Trade group reports that the U.S. market for legal marijuana grew 74 percent in 2014 to $2.7 billion. For good or bad — you can decide — that probably ensures lobbying for more states to consider legalization.

**UNION MEMBERSHIP**

North Carolina has the lowest percentage of union members in the entire U.S. Per the Bureau of Labor statistics, just 1.8 percent of workers belonged to one in 2014, down from 3 percent. In raw numbers, 76,000 N.C. workers were in a union, down from 117,000 in 2013.

**DOLLARS IN CHANGE**

Family Dollar shareholders approve merger with Dollar Tree, after fending off hostile bid by Dollar General. The bad: some store closings where there is market overlap. The good: less confusion because there will be one fewer chain with “Dollar” in the name.

**THE PURPLE GANG**

Wine stolen from The French Laundry restaurant in December and recovered last week somewhere in Greensboro area is just the most high-profile case in what’s apparently a crime wave in Napa Valley. Wine researcher.com reports at least five thefts of high-end wines from northern California in the past year — possibly by the same group.