

# ***PERSONALLY SPEAKING***

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## **NOT WORKING, NOT LOOKING FOR WORK, NOT DISABLED**

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Between December 2008 and last December, the number of persons who were classified as not in the labor force -- neither employed nor unemployed -- increased by 11.7 million. Of that number, according to the Bureau of Labor Statistics, 9.2 million said that they were not disabled. The rest, an estimated increase of 2.5 million, reported that they had some disability.

To be counted as disabled a person must meet one or more of the following conditions: deaf or has a serious hearing problem; blind or has a serious vision problem; difficulty concentrating, remembering, or making decisions; trouble walking or climbing stairs; struggles with dressing or bathing; difficulty running errands alone.

The BLS began collecting (not seasonally adjusted) data on the labor force status of persons 16 years of age or older who have a disability in June 2008. For that reason comparisons with years prior to the Great Recession are not possible. The latest data on disability status by selected demographic characteristics was collected for 2012.

Approximately half of the 22.4 million disabled persons not in the labor force are 65 years of age or older. Among the 65.9 million non-disabled persons not in the labor force roughly one-third are seniors.

Disability plays a very large role in labor force participation. For all disabled persons the participation rate is 20.6 percent. Participation follows a bell-curve pattern: low for the youngest persons, highest for 25-34 year olds, and then lower for older cohorts until it drops precipitously for persons 65 and older.

For persons who are not disabled the participation rate is 69.4 percent. Here too participation follows a bell-curve pattern, peaking at 83-85 percent for persons who are 25-54 years old. The data suggest that participation is even higher for men of those ages.

One dramatic indicator of the impact of disability on labor force participation is that participation is higher for nondisabled persons 65 and older than for all disabled persons: 23.4 percent vs. 20.6 percent.

**Why then has the number of nondisabled persons who are neither working nor looking for work risen by 9.2 million from 2008 to 2013? Clearly, retirement is one reason. Baby boomers born in 1946-1948 reached age 65 in 2011-2013. In 2012 labor force participation for the nondisabled dropped from 71.4 percent for 55-64 year olds to 23.4 percent for those 65 and older.**

**A second reason is that participation has dropped for nondisabled persons 16-64 years of age. Among nondisabled men participation in December 2008 was 84.1 percent compared to 81.7 percent five years later. December 2008 participation among nondisabled women fell from 72.4 percent to 69.9 percent in December 2013.**

**The increase in the numbers of nondisabled persons 16-64 years of age who are not in the labor force (NILF) is even more telling. In December 2008 there were 14.3 million men NILF; five years later there were 16.9 million NILF. There are now roughly three times as many working-age men NILF as there are unemployed.**

**The story for nondisabled women is not identical but is similar. In December 2008 an estimated 25.5 million were NILF. Five years later that number had climbed to 28.7 million. Today there are approximately seven times as many able-bodied women 16-64 years of age who are NILF as there are jobless.**

**Why are so many apparently healthy men and women in their prime working years dropping out of the labor force prior to the usual retirement age?**

**Are they somehow qualifying for disability benefits from the Social Security Disability Insurance Trust Fund even though according to the information they are reporting to the CPS enumerator they are not disabled? Are they not reporting their disabilities accurately to the enumerator? Are they filing fraudulent claims for disability benefits?**

**Data compiled by the Social Security Administration indicates that there were 7.4 million disabled workers receiving disability benefits at the end of 2008. Five years later there were 8.9 million getting these benefits. Persons qualifying for disability benefits are *not* to receive retirement benefits through Social Security. Thus most if not all of those getting disability benefits are persons of working age.**

**In a recent report prepared by the Social Security Administration's inspector general on major management and performance challenges, SSA was identified as "one of the Federal agencies with a high amount of improper payments" and was urged to "take additional actions related to reducing improper payments." Even so, the 254 page annual report of the trustees of the federal old-age and survivors insurance and disability insurance programs for 2013 makes no mention whatsoever of improper payments or waste, fraud, and abuse. However, the trustees did report that the reserves in the disability trust fund would be depleted in 2016.**

**Isn't it time for SSA to get serious about improper payments? The Labor Department has been tracking improper benefits paid by state unemployment insurance programs for years. The lesson for senior SSA managers is simple: if you don't track improper disability payments, you won't reduce them.**

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