



LEGISLATIVE PROPOSAL TO INCREASE LABOR FORCE ATTACHMENT BY MEN IN PRIME WORKING AGE 25-54

PROPOSAL OBJECTIVE

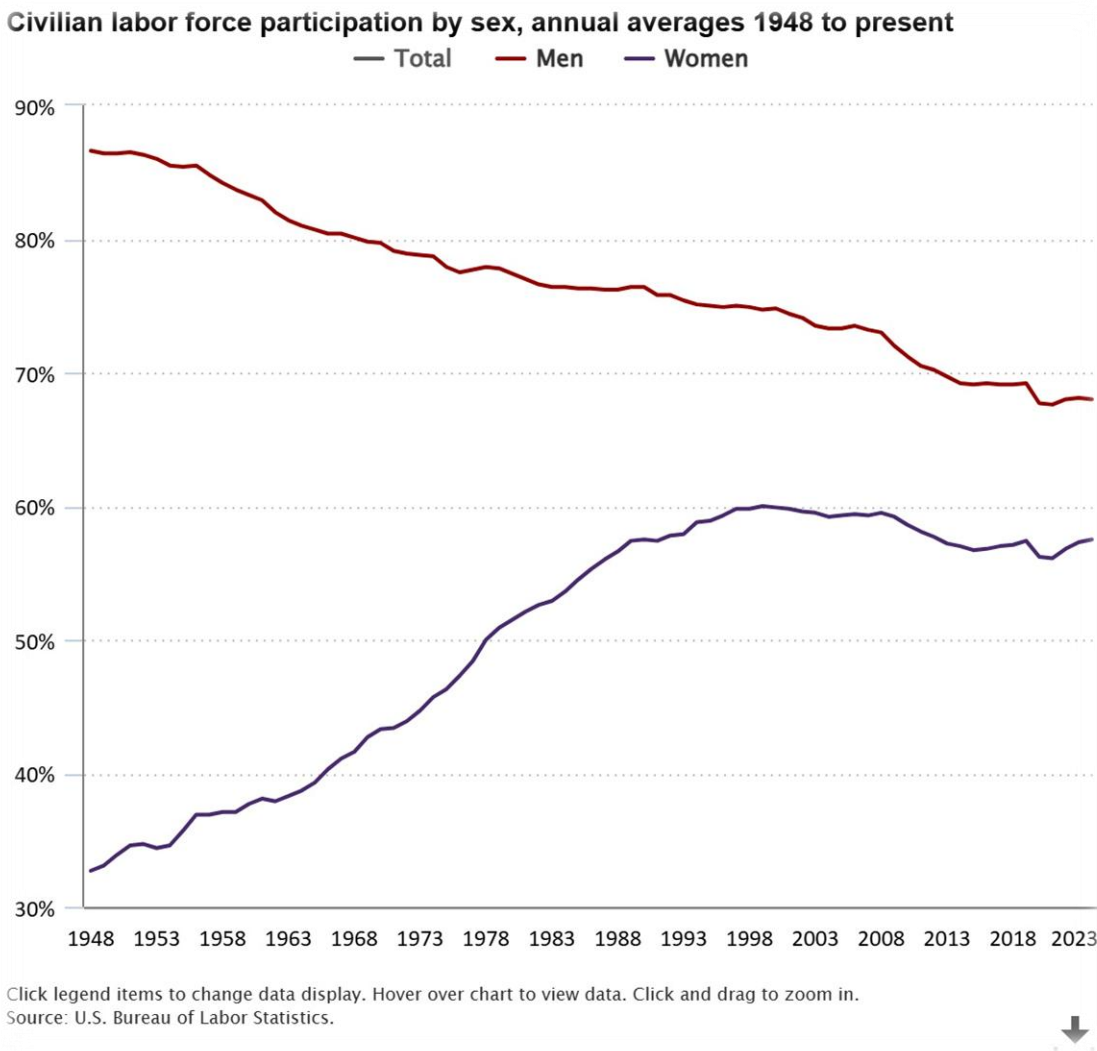
As of January 2025 there were 6.8 million classified as unemployed. However there is a **larger number of 7 million men in prime working age** between 25 and 54 not working or looking for work. The proportion of men not working in this age group has **increased from 6% in the 1950s to over 15% in the 2020s**. This proposal would improve the SSI disability determination process for both men and women to help a much greater number remain active in the labor force and reduce SSI expenditures by \$1.84 billion annually if enacted through the current Budget Reconciliation process

I. Background

The civilian labor force participation rate has been in decline. Bureau of Labor Statistics (BLS) reported the civilian labor force participation rate was 65.9 percent twenty years ago (March 2005). Today, or exactly twenty years since then, it has fallen to 62.5 percent, **or fully 3.4% lower**. This means that of those who working twenty years ago **fully 5.2% of their successors have exited** the labor market (3.4 divided by 65.9 = 5.2%).

A loss of this magnitude has portentous ongoing costs to our American economy and society. **If 5.2 percent more men than currently** were contributing as independent and economically self-sufficient taxpayers - - using fewer income supports and other services - - America's economy would be adding trillions to its GDP and our business sector would not be facing this level of chronic labor shortages. Nor would the American family and social welfare system be subject to this large -scale dislocation and stress.

We can see the contrasting male and female labor force participation rates as shown in the graph below:



What is going on?

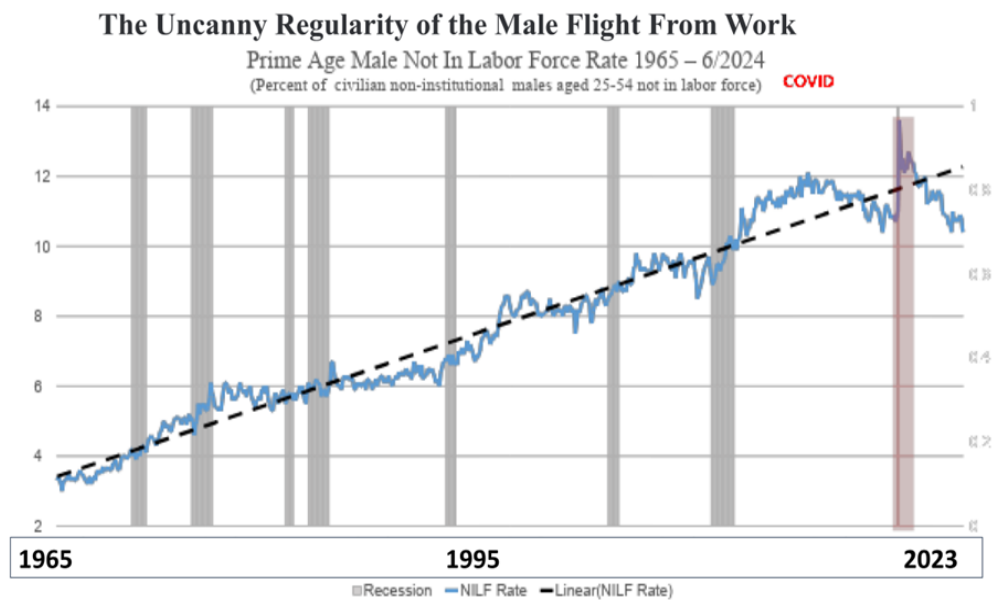
There has been a male flight from the labor force for **prime work age men between the ages of 25 and 54**. Between the end of WWII and the mid-1960s, work rates for these men averaged around 94 percent, only 6% lacked paid employment. However beginning around 1965 the share of prime working age men **without paid work** rose with every passing decade.

Today there are **seven million men** in prime working age 25-54 not working and **not looking for work** or 12% of the total number of that age group of 58 million. This can be disorienting because there is currently an unemployment rate of 4% with a total of 6.8 million unemployed

adults, men and women (Jan 2025). How can there be **simultaneously seven million men 25-54 not working** when the total US unemployed is less at 6.8 million?

The answer is that the seven million men not working or looking for work **are not counted in the unemployment rate**. To qualify as unemployed one must be *looking for work and available for work*. These men are outside the unemployment rate even though they are a larger number than those who are counted as officially unemployed.

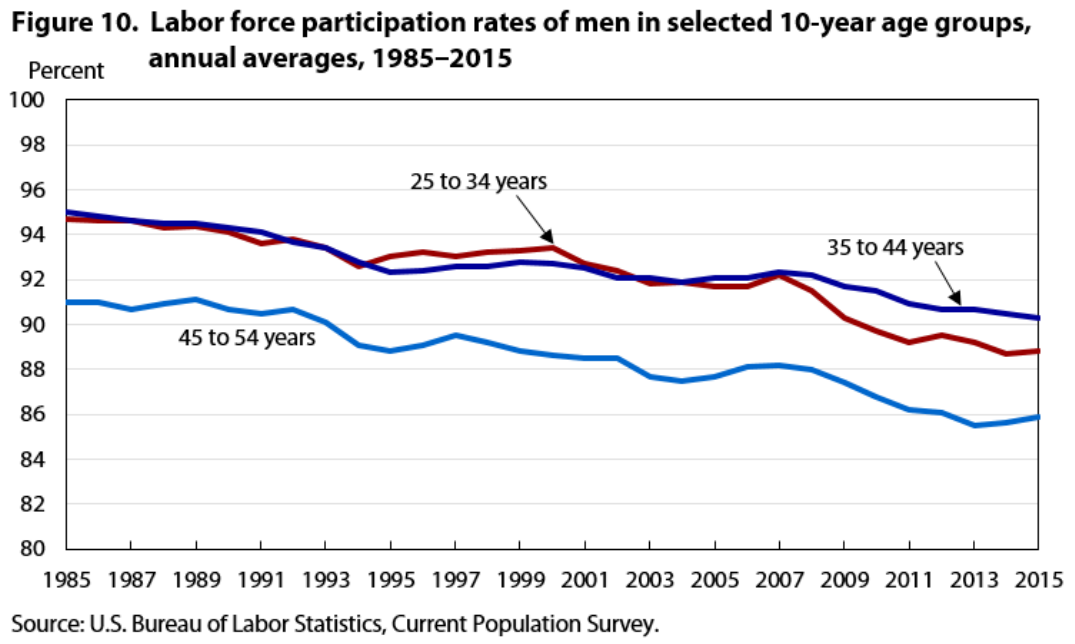
Between 1965 and 2022 the men not in the labor force grew nearly three times as fast as the US population. By the 2010s a monthly average of 16% of prime age men were earning no wages - - nearly one on six working age men. Compare that to the end of the depression in 1940 where there were 13.6 percent of men not working. In today's low unemployment economy there are **more men not working than during the end of the depression**.



Source: Bureau of Labor Force Statistics, (Seas) Labor Force Participation Rate - 25-54 yrs., Men (LNS11300061), <https://data.bls.gov/cgi-bin/srgate>,
date accessed: July 24, 2024; figures are seasonally adjusted.

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4



Where do these men obtain income to survive? **The disability system provides 57% of these non-working men income** [from SIPP - SSDI, SSI and VA]. Another 9% are living in a household with other disability recipients or 66% total are receiving disability support. In short, the disability system has become the **substitute cash welfare system** for the large swath of men not looking for work.

These seven million men not working or looking for work represent a central reason the US has experienced a steady decline in the overall labor force participation rate as implied by the first graph above.. But if they are not working **how are these men spending their time?** Time surveys by BLS indicate that these men do hardly any community voluntary service, religious activities or housework. These men spend **two thousand hours per year looking at screens** (phones, tablets, computers and television) which is the equivalent of 40 hours per week for 50 weeks. Forty four percent of these men are taking daily pain medication.

Is it possible that the above proportion of prime working age men in their 20s, 30s and 40s are actually too injured or sick to work? It is highly unlikely- - **and this proposal offers a solution.**

LEGISLATIVE PROVISIONS AND SAVINGS

1. For those applicants referred by the Disability Determination Service, the State Department of Vocational Rehabilitation will provide services to applicants for SSI benefits during the six month plus average period of their pending application in order to help such applicants remain in or move to private employment. SSI will reimburse the

State Department of Vocational Rehabilitation for services provided to applicants under this provision.

2. For those applicants referred by the Disability Determination Service to Vocational Rehabilitation while their application is pending, such applicants will be required to actively participate in employment related assessments and activities for the period of pending application as determined by the SSA Secretary as a condition of approval for benefits.
3. Approval by the Disability Determination Service for new SSI applicants and for continuation of benefits under CDR review must include the separate concurrent approval of the state Department of Vocational Rehabilitation that such applicant or beneficiary meets the requirement that he or she is unable to work in the statutorily required *any occupation generally available in the economy*.
4. If the applicant for SSI is determined ineligible by the DDS and files for reconsideration or appeal to an Administrative Law Judge, the DDS and VR department are authorized to submit new evidence as is the claimant. VR will participate with DDS in defending the original decision before the appellate Administrative Law Judge.
5. SSA will publish and implement the revisions contained in its Proposed Rule-Making on Vocational Regulations Modernization (VRM).

EXPENDITURES AND OUTCOMES [More detail Section V]

Proposal for VR applicants to SSI served The VR State Grants program is a critical component of the WIOA workforce development system and continues to be the primary Federal vehicle for assisting individuals with disabilities—particularly individuals with the most significant disabilities—to obtain competitive integrated employment.

New individuals to be served by VR over current law:	200,000
Increase in annual SSI expenditures for VR services	\$1.0 billion
Gross SSI benefit savings from two proposal changes:	\$2.84 billion
Net annual federal savings, (See detail section V):	\$1.84 billion

II. Details proposal description to integrate state VR services into SSI disability determination process

The mission of the VR system is to help people overcome barriers to employment and to integrate people with disabilities into society. Rather than identifying health conditions which may have the effect of constraining employment, the mission of the VR system is to **overcome** any such conditions and to expand the range of activities productively undertaken within work economy so as to maximize employment.

Our SIG proposal would expand and empower the state VR system to use its full service delivery system and case management to help SSI applicants be productive in the labor market by finding them options and accommodations within the labor force. The state VR system would become an active partner with SSI in not only identifying personal barriers to work but **helping applicants overcome or accommodate limitations which may otherwise constrain employment**. This VR assistance would **not just occur AFTER** a disability determination had been completed but rather **DURING the application process** and would continue for a period thereafter to support employment activity (e.g. as TANF does now).

There are currently one million SSI applicants per year. Our proposal would allow state VR access to DDS electronic health records submitted as part of the SSI applicant process. The state VR agency would **select those most likely to benefit from VR services leading to employment** and as a consequence avoid enrollment into the SSI disability program. Applicants with very severe conditions and at the outset highly likely to be approved onto SSI will not be served under this plan. Instead the state VR system would review and determine within its budget which of among about 200,000 national applicants (out of about a million) would most likely benefit from its services leading to employment during the typical several month SSI application review period.

Finally, the role of VR would **include certification** that each SSI adult applicant is not likely to be employable anywhere in the economy **in order for an SSI application to be approved**. Under this proposal the state VR system will have been actively case managing the SSI applicant during the disability application stage as a condition of the applicant's approval. It will have a close perspective of each applicant's likelihood of employment success through actual attempts to seek work during the disability application phase, just as applicants for TANF must participate in job search and other activities with the welfare agency as a condition of receiving benefits.

In helping make this determination, SSA would utilize the labor force grid **updated with work which has already been completed** by SSA but not yet implemented. In order for an applicant to be approved, the VR Office of Employment Services (to be created) would have to co-certify the Disability Determination Bureau's recommendation to approve benefits.

III. The role of changes in federal disability eligibility policy in the growth of the SSI (and SSDI) beneficiary population

Across all developed countries, once enrolled on disability benefits for more than a few months, only a small fraction emerge from reciprocity and go to work. Here in the US, once enrolled **only five percent of disability adult recipients ever leave the system in their lifetime.**

The fact that most current disability recipients do not work is not evidence that they would have been unable to work if given alternative policy treatments such as timely accommodation and rehabilitation. However practice shows that in current system oriented toward long-term cash benefits rather than work, many of those with residual work capacity will never return to work.

To qualify for federal disability the applicant must meet the Social Security Administration's definition. This means that the applicant must have a medical condition that prevents the applicant from doing any substantial gainful activity (SGA). The five steps in the disability determination process are:

1. Review employment status: Consider how long and recently the applicant worked, and if the applicant worked in jobs covered by Social Security.
2. Evaluate condition severity: Assess how severely the applicant's condition limits the applicant's ability to work.
3. Compare condition to listed criteria: Use the Listing of Impairments to compare the applicant's condition to over 100 impairments.
4. Determine if the applicant can do previous work: Consider if the applicant can return to any relevant past work.
5. Assess ability to adjust to other work: Consider the applicant's age, education, and work experience to see if the applicant can adjust to other work.

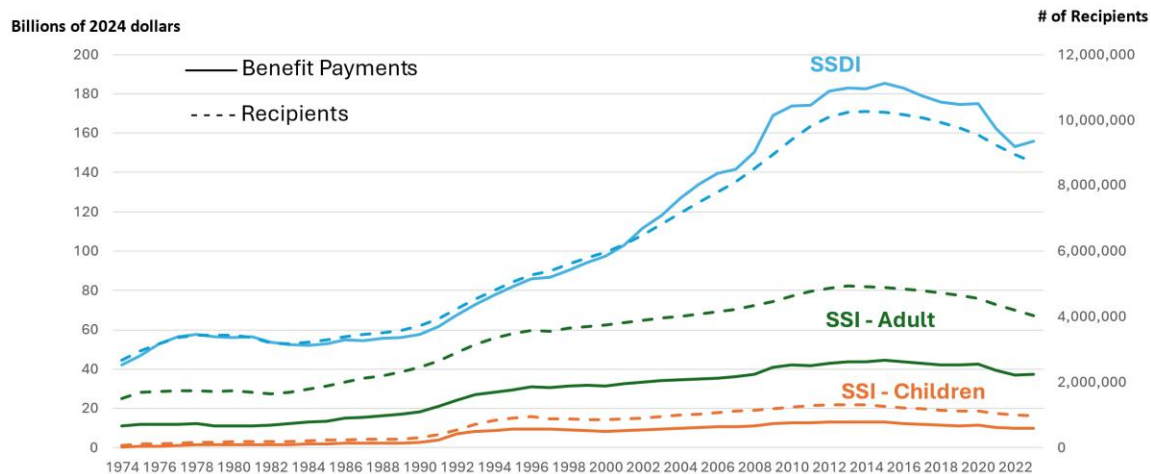
Disability determinations at steps 2 and 3 have been increasingly awarded based on medical conditions **whose severity with respect to SGA is difficult to determine objectively**, most especially mental illness and muscular-skeletal conditions such as back pain. Based on Social Security Administration data, in 1985 only around 31 percent of new beneficiaries were classified as having a mental condition or a musculoskeletal condition. But by 2010 over half (54 percent) were classified with these conditions

Another contributor to relaxed eligibility standards has been the increasing use of other factors besides health limitations (termed the medical-vocational grid). The medical-vocational grid is used where the applicant's condition has been deemed in step 3 to be insufficiently severe to limit his ability to work for health reasons. Instead, evaluators consider other reasons besides just health alone to consider whether an individual could reasonably find employment in the economy. The evaluators take into consideration an applicant's age, education level, and history of physical labor. The older, less educated and formerly working manual labor qualify more easily. Non- exclusively health reasons formerly made up around 25 percent of initial decisions, **but by 2010 a majority were based on these step 4 and 5 criteria.**

Still another factor increasing disability approvals has been the **use of the appeals process**. Claimants can appeal against negative decisions to an administrative law judge (ALJ) who is permitted to take into consideration new evidence provided by the claimant. These appealed decisions do not necessarily represent an improvement in the accuracy of the initial determinations. By 2010, in three quarters of such appeals, claimants were represented by lawyers, including professional vocational and medical advocates while taxpayers (by proxy through SSA or otherwise) are not allowed such representation or the ability to introduce new evidence not presented at the initial stage. In 2023 356,000 appeals of the negative decision were made. **Fully 59 percent of appeals are granted - - thereby overturning the earlier negative decision that an applicant can work.**

A final concern with respect to the disability determination process is, given its importance with respect to determination of SGA at steps 4 and 5, the fact that the data used to determine the “current” physical, mental, and other requirements of various broad occupations in the United States is **out of date**. In January 2021 SSA published the Notice of Proposed Rule-Making on Vocational Regulations Modernization (VRM) was ready to publish. The cost to SSA of producing the modernized VRM was approximately \$300 million. **The SIG proposal will require publication and utilization of the modernized VRM for a savings estimated by the SSA actuary of \$1.0 billion annually.**

SSDI and SSI Benefit Payments and Recipients 1974-2023



Sources: Social Security Administration *SSI Annual Statistical Report 2023* (Washington, DC: Social Security Administration, October 2024) https://www.ssa.gov/policy/docs/statcomps/ssi_asr/2023/sect09.htm; Social Security Administration *2024 SSI Annual Report* (Washington, DC: Social Security Administration, May 2024) https://www.ssa.gov/OACT/ssi/SSI24/SingleYearTables/IV_C3.htm; and Social Security Administration *Annual Statistical Report on the Social Security Disability Insurance Program, 2023* (Washington, DC: Social Security Administration, 2024), https://www.ssa.gov/policy/docs/statcomps/di_asr/2023/sect01.html.

IV. Evidence that the SIG proposal of utilizing state Vocational Rehabilitation will result in greater employment and corresponding reductions in Disability dependency

There is substantial evidence that guided work search and related activity as a condition of benefits can be highly effective at moving individuals toward self-sufficiency and substantially reducing reliance on public benefits.

Example A - -

The Retaining Employment & Talent After Injury/Illness Network (RETAIN) demonstration projects are operating in five states (KS, KY, MN, OH, VT) designed to test early intervention Stay-at-Work/Return-to-Work (SAW/RTW) strategies to improve labor force participation, employment, and earnings outcomes for workers who are injured or become ill while employed. Each of the five states in RETAIN have designed different interventions, but the Kentucky RETAIN demo is close to what this proposal anticipates. In Kentucky the state Vocational Rehabilitation Agency provides the services intended to increase labor force retention and reduce the need for eventual assistance from the Social Security Administration's disability programs for workers experiencing a work-threatening injury or illness.

RETAIN is a voluntary program. It is encouraging that 93% of the 46% of RETAIN participants in KY completing VR services returned to work. However, unlike RETAIN, this proposal requires that applicants for SSI remain active and cooperative with VR efforts to find employment or accommodations to employment as a condition of an applicant approved disability request. The **requirement of participation** in this Stay at Work/Return to Work intervention is likely to show **improvement in work and employment outcomes** over the current voluntary intervention through RETAIN.

Example B - -

Wisconsin's approach to supporting low-income families illustrates the dramatic impacts of welfare reform in a vanguard state under the Wisconsin Works program (W-2). The program was designed to help hard-to-serve parents succeed in employment—parents who had not already attained substantial economic independence by 1997, when Wisconsin implemented W-2. The program required most non-working parents to participate in a four-tiered approach designed to help them transition to employment and self-sufficiency before the expiration of the 5-year time limit on their cash assistance. Over 24 months after W-2 entry, mean earnings increased by almost 40% and receipt of cash benefits declined by almost 60% (Meyer and Cancian, 2001).

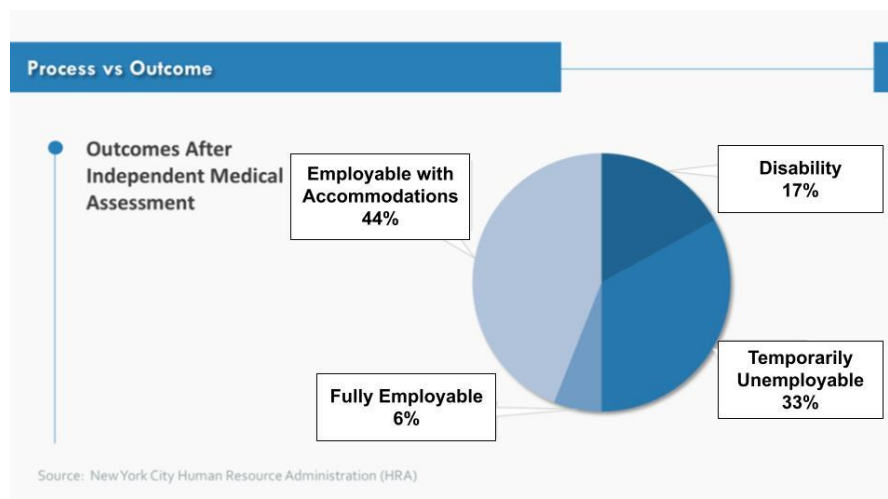
Example C - -

The general experience of single mothers in the 1990s demonstrates that re-orientation of welfare programs for a specific population towards work can contribute to dramatic increases in earnings and decreases in program participation. Fang and Keane (2004) document a 67% decrease in welfare participation for single mothers from 1993 to 2003 and an increase in employment equal to 30% of the number of single female welfare recipients in 1993.

Example D - -

In New York City during the mayoralty of Giuliani and Bloomberg, The city's Human Resources Administration implemented We Care for TANF applicants who declared they had reasons and evidence of inability to work. Under this initiative applicants for cash assistance who asserted their health condition were sent immediately to a separate private health assessment and vocational service provider.

The independent assessments concluded that only seventeen percent of the intake population were likely eligible to qualify for SSI. The rest could work immediately, or with accommodations, or after short term health intervention (e.g. taking meds for hypertension or anxiety). See results below:



V. Detailed Estimate of Annual Federal Costs and Savings

- SSI will reimburse to the State Vocational Rehabilitation agency [*Agency administering or supervising the administration of a State plan for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973*] an amount equal to costs to the state rehabilitation agency for services associated with the assessment, job placement, and continuing disability reviews for a subset of SSI applicants.

Scope of Services from above

200,000 SSI applicants most likely to benefit from VR services leading to employment rather than SSI enrollment as determined by VR upon receipt of DDS application and medical supporting documents [out of total of approx. one million annual SSI applications]

Expenditure of \$5000 per applicant served between one and six months during the SSI application period (i.e. one half of \$10,000 of full VR service per beneficiary)

TOTAL: \$1 Billion expenditure for VR Services

Estimated Results:

970,000 Annual SSI applications are received (from SSA)

597,000 Approvals of blind or disabled 18-49 (SSA)

100,000 VR finds employment during application period or determines applicant could find employment with or without accommodations out of 200,000 reviewed and assisted by VR

\$18,372 annual benefits per SSI disability recipient (SSA)

\$1.84 Billion annual **net SSI benefit savings** (\$18,372 times 100,000 estimate)

\$1.0 Billion **savings from adoption of modernized job categories** in grid (VRM)

Estimated National Savings from adoption of this SIG proposal:

(minus) \$1.0 Billion additional for SSA reimbursement of Vocational Rehabilitation Budget

(plus) \$1.0 Billion estimated saving to SSI from adoption of new job categories in VRM

(plu) \$1.84 Billion annual net SSI benefit savings

Equals Net federal savings over current law - - \$1.84 Billion annually

DRAFT SOCIAL SECURITY ACT STATUTORY CHANGES

SEC. 1614. [42 U.S.C. 1382c] (a)(1) For purposes of this title, the term “aged, blind, or disabled individual” means an individual who—

(A) is 65 years of age or older, is blind (as determined under paragraph (2)), or is disabled (as determined under paragraph (3)), and

(B)(i) is a resident of the United States, and is either (I) a citizen or (II) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 212(d)(5) of the Immigration and Nationality Act^[49]), or

(ii) is a child who is a citizen of the United States, and who is living with a parent of the child who is a member of the Armed Forces of the United States assigned to permanent duty ashore outside the United States.

(3)(A) Except as provided in subparagraph (C), an individual shall be considered to be disabled for purposes of this title if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months.

(B) For purposes of subparagraph (A), an individual shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), “work which exists in the national economy” means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

(C) Such disability determination approval under (A) and (B) must be also be concurrently approved under the same standards including inability to work with respect to work which exists in the national economy, by the state Vocational Rehabilitation Service for those individuals who have been referred to VR for prospective job placement or accommodation for employment during the SSI application period.

(D) In consideration of work exists in the national economy in (B) above, SSA will publish and implement the revisions contained in its Proposed Rule-Making on Vocational Regulations Modernization (VRM).

SEC. 1633 (e)(1) The Commissioner of Social Security shall review determinations, made by State agencies pursuant to subsection (a) in connection with applications for benefits under this title on the basis of blindness or disability, that individuals who have attained 18 years of age are blind or disabled as of a specified onset date. The Commissioner of Social Security shall review such a determination before any action is taken to implement the determination.

(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—

(i) at least 20 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2006;

(ii) at least 40 percent of all such determinations that are made in fiscal year 2007; and

(iii) at least 50 percent of all such determinations that are made in fiscal year 2008 or thereafter.

(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.

(C) In carrying out subparagraph (A) the Commissioner of Social Security shall, to the extent feasible, obtain as a condition of continuation of benefits. concurrent approval of individual determinations of continuing disability from the state Vocational Rehabilitation Service.

6. Section 1615 (d) The Commissioner of Social Security is authorized to reimburse the State agency administering or supervising the administration of a State plan for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973 for the costs incurred under such plan in the provision of rehabilitation services to individuals who are referred for such services pursuant to subsection (a) (1), in cases where the furnishing of such services results in the performance by such individuals of substantial gainful activity for a continuous period of nine months, (2) in cases where such individuals receive benefits as a result of section 1631(a)(6) (except that no reimbursement under this subsection shall be made for services furnished to any individual receiving such benefits for any period after the close of such individual's ninth consecutive month of substantial gainful activity or the close of the month with which his or her entitlement to such benefits ceases, whichever first occurs); (3) in cases where such individuals, without good cause, refuse to continue to accept vocational rehabilitation services or fail to cooperate in such a manner as to preclude their successful rehabilitation. The determination that the vocational rehabilitation services contributed to the successful return of an individual to substantial

gainful activity, the determination that an individual, without good cause, refused to continue to accept vocational rehabilitation services or failed to cooperate in such a manner as to preclude successful rehabilitation, and the determination of the amount of costs to be reimbursed under this subsection shall be made by the Commissioner of Social Security in accordance with criteria determined by the Commissioner in the same manner as under section 222(d)(1); and (4) activities carried out under Required Assessment by and Potential Participation in Vocational Rehabilitation Services as a Condition of Eligibility Determination. Under this subsection no person shall be an eligible individual for purposes of this title unless during the period when that person's application was pending that person and who was referred by the Commissioner to the State agency administering or supervising the administration of a State plan for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973, and that agency either (1) has determined that such applicant meets the requirement that he or she is unable to work in any occupation generally available in the economy, or (2) has referred the individual to participate in appropriate vocational rehabilitation services and has certified that the individual has satisfied the minimum number of hours or such services to which they were referred and has been unable to obtain employment or reasonably incorporate accommodations to employment during the period that eligible person's application was pending.